New INDIVIDUALIST Review

EDUCATION: FREE AND PUBLIC?

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"CONSUMER SOVEREIGNTY" AND THE LAW

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ON THE PREMISES OF GROWTH ECONOMICS

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THE NEGRO REVOLUTION

MURRAY N. ROTHBARD

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Education: Free and Public?

ROBERT L. CUNNINGHAM

ONE IS RIGHTLY suspicious when he comes across what purports to be an easy solution to a complex of difficult problems. Knowing that a preference for shortcuts springs from deep-seated intellectual laziness, he is suspicious when told that all would change if only people would become pacifists, or abandon Aristotelian logic, or adopt the social credit system. Yet sometimes it is the simple solution which is the best solution. This may well be the case with regard to the major educational problems we face in the United States today: the religious-school problem, the problem of raising educational standards, and the segregation problem.

I propose in this paper to ask, and offer an answer to, two questions: Why do we need schools that are "free"? and, Suppose our schools were "free" but not "public," what would be the consequences? To the first question I shall answer: We do not need schools that are "free," but will find it impossible in the short run to persuade people that we do not. To the second I shall answer: The consequences of a system where most schools are "free" but "non-public" are such that our major problems will be solved, and no new problems of consequence will be raised.

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WHY THEN DO WE need a free school system? Suppose we examine the hypothesis that, given parental rights and duties, there is no need for a free school system, and that government has only two roles in the field of schooling: the first that of a truant officer, of making a minimum standard of education compulsory; the second, the paternalistic role of paying the costs of educating those chlidren whose parents are demonstrably unable to pay.

The first, truant-officer role of government, can be perhaps justified on the grounds that unless some schooling were compulsory, a significant number of parents would give their children little or no schooling—which would put the child at a disadvantage with respect to his peers, and cause external diseconomies, such as a lower level of political understanding and of productive power. Knowledge is the sort of good or value whose goodness is obvious only to those who have some, and if there are illiterate parents who do not appreciate the value of literacy, it is generally thought that government interference is justified in the name of the child and the "common good"; the grounds are that the whole social cost of sub-standard education is borne not by the uneducated individual and his family alone, but by society as a whole, for the fact is that the educated child confers political, material,

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and cultural benefits upon others.[1] We must recognize, however, that by making schooling compulsory, we fly in the face of the principle stated by Thomas Jefferson, "It is better to *tolerate* that rare instance of a parent's refusing to let his child be educated, than to shock the common feelings by a forcible transportation and education of the infant against the will of his father."[2] Whether one agrees with Jefferson or not, it is worth noting how far we have come from Jefferson's notion of parental liberty and control — few of us feel any "shock of the common feelings"!

If one could make the assumption that the great bulk of families were capable of paying the costs of schooling for their own children, the only other role of government, if private charity proved insufficient, would be the paternalistic one of paying the costs of educating those children whose parents are demonstrably unable to pay; just as it now gives subsistence aid to those children whose parents are demonstrably unable to furnish food, clothing, and shelter.

Can one make the assumption that the great bulk of families are capable of paying directly the costs of educating their own children? One could, of course, point out that state and local taxes would be cut by 45% (which amount now goes to the public school system), thus leaving that much more money in the hands of individuals to pay the costs of schooling for their own children. One might point to the example of the Catholics who, though a lower-middle income class, built and paid for a system of parochial schools, costing them three-quarters of a billion dollars a year, that compares favorably with the public schools — even while a substantial proportion of their state and local taxes was spent to make education "free" for other people's children. Again, one might point to the rise in the number of those who send their children to private schools, which indicates an increasing demand and ability to pay for private schooling; for in 1950, one in seven attended private schools, in 1960, one in 5.7, and if extrapolation is legitimate, one in four will attend private schools in 1970.

We have, I think, answered the first question: Why do we need schools that are free? The answer is: we do not. Yet, practically, there is no real likelihood that people can be persuaded that it is desirable to leave to private initiative the demand for schooling. The reasons are easy to see: conservative resistance to any kind of change, insufficient attraction to exercise of individual choice, the educationist lobby, egalitarianism, and the failure to see that even though public education is "free," it must be paid for.

But even more important than all this is the fear that the great bulk of parents would not see the advantages of paying for at least as much schooling as their children receive now, and we should have a relatively uneducated American populace, with all the disadvantages this entails. But, one might answer, although parents now take schooling as a matter of course and give it little attention, under the proposal referred to, parental attitudes, interest, and sense of responsibility, would be greatly strengthened and developed. Consider an analogy: suppose that 50 years ago children's clothing had been made a "free" commodity, given regularly to children out of government warehouses. Suppose that this had become institutionalized and a part of our American way of life. Now consider the difficulty one would have today in seeing that parents could be led to take an interest in clothing their children; the difficulty of convincing people that the principle of equal opportunity would not be irreparably damaged if rich parents purchased better clothing for their children than the poor could afford for *their* children; the difficulty of conservative inertia; the difficulty of arousing parents to

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[1] Cf. J. C. DeHaven, *Some Economic Features of Public Education*, p. 3ff. H. R. Bowen points out that price exclusion (unwillingness to pay for some benefit leads to exclusion from its use) is as impractical for the social benefits of education as for the benefits of national defense. *Toward Social Economy* (New York: Rinehart, 1948), pp. 172-3.

[2] Saul Padover, *Jefferson* (New York: Harcourt, Brace, 1952), p. 196.

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overcome their distaste for assuming greater responsibility than before; the difficulty of making people see that "free" clothing must be paid for; etc.[3]

TO SUM UP: a system of schools that are non-free (and non-public) is impractical. But now our second question: Suppose our schools were "free" but not "public," what would be the consequences? At present the great majority of our schools are free and public. Let us consider the nature and consequences of a system in which the majority of our schools were free but not public, a system in which *government subsidizes the demand for but not the supply of education*, a system in which government pays the costs of but does not supply or run schools. Such a system is not really a new sort of thing; in most of the countries of Western Europe, schooling is at least partly free and at most only partly administered publicly. And in the United States we have witnessed an application of free but non-public schooling in the G.I. Bill, under which a veteran attends, if he wishes, the private school of his choice, the costs of schooling being met out of public tax funds.

One might justify such a proposal by arguing this way: parents are compelled by law to send their children to school. If the capacities of parents to obey this law are unequal, provision should be made to equalize these capacities. But parents are relevantly unequal in respect of their ability to pay for schooling. So, because some of the benefits of educating children accrue to society as a "neighborhood effect," in the form of more cultured, more productive citizens, society may find it to its interests to raise money to pay for the education of children through taxation.[4]

Now, the crucial considerations in arranging for the distribution of the educational funds are these two: first, when the government distributes goods, the distribution should be made impartially and equally to all in such a way that no irrelevant differentiating criteria such as those of race, color, or creed be made excluding conditions; second, the distribution should be made in accordance with the principle of subsidiarity, the principle that the individual should be permitted to do for himself whatever he alone or in conjunction with like-minded people can do as well or nearly as well as some agency of government can. This is to say that acceptance of government control over the use of these funds should not be made an enabling condition for the very reception of the funds. Thus, those parents who give evidence of ability to reach the ends for which the compulsory law was instituted, either by educating their own children or delegating this function to a qualified schoolmaster in a non-government school, should not be excluded from sharing in the tax funds raised to guarantee an educated population. (Is there any reason to believe that a government-appointed schoolmaster is a better educator than a schoolmaster who has won the support of the parents whose children he offers to educate?)

One way of institutionalizing the distribution of an educational fund is by means of a "voucher" system. Suppose individual parents, in California let us say, were given a "voucher," a certificate, for a certain amount (say $400, which is somewhat less than the normal per-pupil cost in California per year) which could be "spent" only by offering it as full or partial payment for schooling to a schoolmaster, who could then receive cash for it out of local and state tax funds. (Of course, in small, relatively isolated communities, the small size of the educational-consumer public might offer little scope for competition—and so *the* one school would likely remain "public.") Suppose, too, that the majority of parents exercise their option of sending their children to a private school of their choice. What would be the consequences of a sort of "G.I. Bill"

[3] Adapted from O. B. Johannsen, *Private Schools for All* (1959), p. 7.

[4] Cf. W. Gorman, "A Case of Distributive Justice," in Robert Gordis, *et al.*, *Religion and the Schools* (New York: The Fund for the Republic, 1959).

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for all children down at the elementary and secondary levels?[5]

The first and perhaps most important consequence is that really effective control over the education of the child would be in the hands of his parents. Most parents who have $400 school vouchers to spend would give at least as much attention to choosing a school for their child (supplementing the voucher with money directly out of pocket, perhaps[6]) as they do to choosing a family automobile. And just as parents are now responsible for choosing food, clothing, and shelter for their children, so then they would be responsible for choosing the food, clothing, shelter, and *education* of their children. Of course, not all parents are now expert dieticians but they can and do come to know, and choose, perhaps with the expert advice and instruction of Dr. Spock and others, appropriate food for their children; so, too, parents could and would come to know, and choose, perhaps with expert advice and instruction, appropriate education for their children. Few are expert in medicine, but a man wants to choose his own doctor, even though he does not expect to tell the doctor what to do.

First, then, there is the advantage of extending, in an important way, the scope of parental free choice; the other side of the coin is the elimination of the possibility of dangerous public control, of the power of the state to dominate the formation of the minds of the young.[7] *Only* if there were: first, truly scientific answers to educational problems; and second, no danger that the authority to whom education is entrusted would fail to apply these answers; and third, no possibility of disagreement about what kind of human being is desirable — *only* if all these conditions were met might we not fear to entrust this power over the young to the state. But scientfic answers to educational problems, tested objectively, are not available;[8] past and recent history does not encourage us to trust the state without reservation; and there is a good deal of disagreement at all levels about what sort of human being is ideal. The recent development and growth of psychological and psycho-pharmacological techniques which increase our power to mould men's minds deliberately, should —at least when we're in a 1984 mood— lead us to be concerned about the temptation to make use of these newly found powers. Consider too the possibilities of television—the possibility of an expanding uniformity, the spectre of a single All-Informing Eye teaching all the children of the land. Consider the possibilities of psychic "conditioning," already feasible through "counseling and guidance." In a unified public school system the temptation to use these new powers might conceivably sooner or later prove irresistible; and there is reason to want a disinterested institution to act as an impartial protector of men's minds against the use of such powers—a function government at its various levels could perform were it not committed, through an often powerful educational bureaucracy, to the application of the then currently most fashionable educa-

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[5] Cf. esp. Milton Friedman, "The Role of Government in Education," in Robert A. Solo, ed., *Economics and the Public Interest* (New Brunswick: Rutgers University Press, 1955), and Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), ch. 7; and V. Blum, *Freedom of Choice in Education* (New York: Macmillan, 1958).

[6] C. S. Benson, *The Economics of Public Education* (Boston: Houghton Mifflin, 1961), p. 324: "There is evidence to show that high expenditures on education offer real, not fictitious, improvements in quality, and that there is no tendency for quality to level off as the support level goes up." See also Lorne H. Woollatt, *The Cost-Quality Relationship on the Growing Edge* (New York: Bureau of Publications, Teachers College, Columbia University, 1949).

[7] Cf. Arnold J. Toynbee, *Study of History* (London: Oxford University Press, 1934), Vol. IV, pp. 196-97. The degree of seriousness of the danger is no doubt a function of the degree of unified federal control. The federal government in the United States, according to Clayton D. Hutchins of the U. S. Office of Education, is currently spending $2.5 billion annually to support educational programs of various sorts.

[8] It is perhaps worth noting that we should be grateful that the firing of the Russian Sputnik shook the confidence of educators and their clients alike that educational problems were, in the main, licked.

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tional curriculum, methods, and techniques.[9] Most obviously, in a system in which almost all schools are private there would be less danger of domination by the "scientific" theories of some one group of educators.

Another consequence of the introduction of the voucher-system would be the relegation of the religious-school problem from the area of political decision to the area of private decision. The problem of paying for their religious-schools is giving Catholics, and others, increasingly great concern. They pay the whole cost of their own schools and a share of the far more expensive schooling of their neighbors' children; and costs are rising on the local, state, and federal levels. This leads Catholics to ask for public funds of one kind or another to help ease the burden they have voluntarily adopted. Unless we can arrive at some substantially unanimous agreement on how to resolve this conflict, we shall likely enter a period of religious-versus-secular school conflict like that indigenous to France for generations.

It is difficult to see, given the mainly-public school system, a way out of this political and social predicament. People might sooner or later be brought to find it desirable to assist the parochial schools in a substantial way on grounds of self-interest, on the grounds that anyone who does a fairly decent job of educating the young serves the interests of the rest of the citizenry as a whole. But if more state aid were given, would not a degree of government control follow, such that, for example, an atheist or a Zen Buddhist would be effectively able to demand admission for his child at a tax-supported parochial school and be effectively able to demand that no religious doctrine be taught his child?

Some Catholics claim that they are being (and have been for over 100 years) treated unjustly according to the canons of "distributive justice." They are being "penalized financially for the exercise of their constitutional rights," so that they are not "free" to send their children to parochial schools, since "freedom at a price is not freedom." It appears to me that there is some basis for this sort of claim, though perhaps the language of "penalized" and "freedom" is somewhat queer. Let us use an analogy. Suppose "the government" felt it necessary to raise the level of consumption of sweets by the population. And suppose that instead of handing out vouchers for the purchase of sweets, it decided to hand out chocolate bars to all who applied. And suppose also that some people preferred jelly beans to chocolate bars, but, since the government does not offer "free" jelly beans, those who prefer jelly beans must purchase them privately. This would presumably constitute a case of government's "penalizing" those who prefer jelly beans, since the jelly bean eaters would be, in their own chosen way, seeing to it that their own consumption of sweets was raised. But if the charges of the jelly bean eaters and the Catholics be allowed, many other similar charges must be allowed. For socialized medicine, socialized housing, and the like, are as objectionable as are socialized schooling and socialized candy distribution: all entail practical limitations on the exercise of choice among alternative means to the same goal. This is to say that if I object to living in a particular housing project — but would qualify if I wished to live there — then I have a right in distributive justice to government support for the sort of housing I prefer (or "need"). And if I have a right to publicly supported recreation facilities, but happen to prefer Disneyland to Yosemite, I have a right in distributive justice to spend "my share" in Disneyland. Thus any government "welfare" measure, unless it meets with absolutely unanimous agreement in every detail, may be said to limit freedom, to "penalize" those who would choose otherwise.

But if the school-system were mainly private, it is quite likely that the reality of effective parental control in this area would be quite as important to most Protestants, and others, as to Catholics. Though both Catholics and Protestants

[9] Cf. F. A. Hayek, *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960), pp. 380-81.

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realize that, given our government public school system, the application of the least-possible-common-denominator principle is imperative in the field of religion and morality, many Protestants and others would exercise their option in a mainly-private system by choosing a school that teaches a preferred religion and morality. For, of course, schools catering to the demand for religious, or irreligious, training would be developed in numbers approximating effective market desire for them — a development which displeases no one but those who are convinced that parents should be permitted no alternative to that offered by the wisdom of majority decision.

Another development to be anticipated would make Catholics stand out in the crowd less than they do at present. The parochial school system would be weakened and, at least in the long run, would tend to break down. For the parochial school, which is tied to a parish church in respect of location, size, and administration would prove to be less efficient in meeting the demands of Catholic parents than would the more adaptable private school. Catholic religious teachers would of course make the most efficient use of their limited numbers by concentrating on the teaching of religion and related subjects, since if the voucher system were introduced, only one of three schools serving Catholics could be wholly staffed by religious teachers.

And now, as one analyst of this proposal has put it, to go from the Gordian Knot of the church-related school problem to the Augean Stables of the school segregation issue. What would be the effects of the introduction of the voucher plan on the segregation issue?[10]

At the moment, the segregation issue is being decided on the basis of majority wishes: the majority of people in the United States have opted for compulsory integration; the majority of people in some Southern states have opted for compulsory segregation. It is characteristic of activities that depend on political decisions that if even the smallest change is to be made peacefully, it is necessary to convince a political majority to favor making the desired political decision. Now those who are interested in the fullest possible measure of human freedom find themselves in a dilemma when asked to choose between compulsory segregation and compulsory integration. But is such a choice necessary? Not under the voucher system, which would obviate such a choice. Under this system there would be white schools, and Negro schools, and mixed schools, in numbers approximating the desires of various elements of the local population. There would be no coercion; and for those who are willing to permit free speech and other civil rights even to those with whom they disagree, this is an important value.

There are no integrated grade or high schools in Alabama. It is therefore difficult to show the majority of Alabamans that discrimination solely on the basis of color is quite unreasonable. But under the voucher system those parents in Alabama, and of course there are some, who believe that the presence of an intelligent Negro child in class with their children will not only fail to lower but will likely improve the class standard, have no effective way of demonstrating their preference. Under the voucher system it would be a matter of convincing one's next door neighbors. It would not be unreasonable to expect that if the voucher system were introduced, there would be, overnight as it were, substantially more integration in the South than can be anticipated *by the use of coercion,* which clearly tends to strengthen opposition and prejudice.[11]

[10] For an excellent analysis, cf. Friedman, *op. cit.;* and for an interesting sketch of the philosophy behind, and the working of, the "Virginia Plan," see Leon Dure, "The New Southern Response: Anatomy of Two Freedoms," *Georgia Review,* Vol. XV, No. 4, 1961, and his "Individual Freedom v. 'State Action,'" *Virginia Quarterly Review,* Summer, 1962; for criticism of the plan see H. C. Dillard, "Freedom of Choice and Democratic Values," in the same issue of *VQR.* For data on the working of the plan, see "The Freedom of Education Plan," in *The Reporter,* Oct. 11, 1962.

[11] "Resegregation," according to the estimates of some Southern educators, has brought about a state of affairs in which there are *more* all-Negro schools in the South now than there were

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The appropriate method of eradicating prejudice is not for the majority to coerce the minority, but for one person to use rational persuasion and moral suasion to convince another that the latter's position is wrong-headed and the fruit of prejudice. I deplore segregation and racial prejudice, but it is not, in my view, the function of government to force the individual to act in accordance with my or anyone else's views—whether about racial prejudice or whom to vote for—so long as he does not employ violence and physical coercion on others.

Further, the *de facto* segregation of Negroes and others in public schools by reason of the stratification of residential areas would tend to diminish when like-minded people, whether white or black, offered their vouchers to a schoolmaster who had demonstrated his ability to provide just the sort of education *these* parents want for their children.

With regard to the prospective consequences of the proposed competitive school-master system in improving school standards, one can be brief: "monopolies do not, whether in manufacturing, services, *or education,* provide incentives for increasing productivity or quality;"[12] under the voucher system the forces of competition between schoolmasters would increase educational quality, variety, and innovation. Even if the prediction that the number of government schools would in time diminish drastically is wrong, the competition of private schools would offer the individual parent quite an effective way of expressing disapproval of what was done in some public school, namely by withdrawing his voucher from one schoolmaster and giving it to another.[13] At present, an individual parent can express disapproval only as one of perhaps 50,000 or 100,000 or 1,000,000 voters for a school board, and has ordinarily little power to change educational policy which offers but one standard model for a community.[14] The forces of competition would give parents the sort of schooling they want for their children: there would be schools which offer traditional academic training and schools which emphasize science, or the core curriculum, or modern languages, etc., in numbers approximating the proportions of those who want such education for their children; and if a parent wanted to send his child to a school for pickpockets, a law enforcing minimum standards, as we have today for private schools, would eliminate such an obviously unwise choice.

But, one might ask, if parents are faced with so wide a range of schools to choose from, how will they know which is best for their child? How will they make an intelligent, responsible choice? The answer is, of course, that they will not always know with certitude, as they do not now know precisely what quan-

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before the U. S. Supreme Court's desegregation decision of 1954 — the desegregation order has led to less mixing of races than before. Cf. *U. S. News and World Report,* December 4, 1961, pp. 86-7.

[12] DeHaven, *op. cit.;* in Benson's opinion: "there is a lack of genuine diversity in educational programs and practices." But ". . . without diversity it is extremely difficult to test whether some innovation in method or staffing pattern is efficient. . . . Lack of diversity would seem to prevail on two counts. First . . . the public schools are local monopolies and hence cannot in fairness make any kind of radical change which would be repellent to some group of parents. Second, invention and innovation normally cost money. They are processes involving risk, in the sense that the 'payoff' is uncertain, with respect to whether any good thing will occur, and, if so, *when* it will occur. It follows that expenditures on development, broadly considered, are hard to defend against the attacks of the zealous skeptic. But school authorities, as we have said, must continually be ready to defend expenditures against the opposition (a) of non-parents and (b) of parents who are quite satisfied with the existing program." Benson, *op. cit.,* pp. 326-27.

[13] One may now go to the principal or to the superintendent with complaints, but as school districts become larger, access to the administrator becomes more and more difficult. And as Benson says, ". . . physical access to the office of the administrator is not equivalent to access to the man." *Ibid.,* p. 228.

[14] "He can work through cumbrous political channels to promote change. As anyone who is familiar with schools knows, change will be slow. There is reason to suspect that change in public schools is necessarily slow by the fact of public operation. In short, measurable change will occur only after the parent's child has passed beyond that part of the program with which the parent was dissatisfied." *Ibid.,* p. 325.

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tity of what food, or which toy, or which musical instrument, is best for their child; but, of course, in all these latter cases, expert advice and the experience of others is available, and so also would it be with respect to schooling. If a man wanted a new car, it would take less of his time and attention if there were only one model in one make offered, but he would probably not find that car satisfying his desires or serving his purposes so well as one he chooses after examining a number of models in a number of makes. The myth that parents do not know anything about their own children, and would not act on this knowledge if they did, is an educationist's myth, as fanciful and unreal as any ever dreamed of; but few myths are held and defended with greater vigor.

Further, educational economists tell us that the size and location of most public schools, based as they are on political considerations, are uneconomic and inefficient.[15] Others go on to tell us that desirable innovations find their way into the school, if they ever do, only after an unconscionably long time.[16] A mainly-private school system, based at least in part on profit, would tend to correct such manifestations of head-in-the-sand conservatism. It is characteristic of a monopoly, most particularly of a government-administered monopoly such as the public-school system, that stagnation sets in. (At the elementary and secondary levels, private schools, because of their higher costs and fear of being out of step, offer no effective competition.)

What would be the effect of such a program on the teacher? Better teachers would, under such a system, receive higher pay not based entirely on seniority and post-graduate "education" credits; there would, furthermore, be differential pay scales for different subjects, so as to make it possible to hire and retain those teachers, especially in the pure sciences, who are well qualified to teach.

A final advantage of the voucher system is described by C. S. Benson, the Harvard educational economist:

> Further, it would be possible for a family to adjust its expenditures somewhat in accordance with the needs of its different children, e.g., unusually bright or slow children might be provided with special programs in schools that offered such work. It would be possible, furthermore, for a family voluntarily to increase its expenditures on elementary and secondary education at the time when it enjoyed an increase in income. For instance, suppose a head of a household receives a $500 increment in annual earnings, after taxes. If the family had already attained a reasonably comfortable standard of living, it might wish to spend as much as $250 of this gain on education. A child might be shifted, say, from a lower-cost to a higher-cost private school. Under our present system, however, there is no good way for this $250 to be spent on elementary and secondary education. Even the total increase in income would not pay for tuition in a good private school, and it would certainly not represent the cost of changing residence to a better school district. Instead of spending it on elementary or secondary education, the prudent family might put the sum aside for college education. Of course, school taxes might go up, but they would be unlikely to increase by $250 in a year. In short, certain families might want to use part of their gains in income for the purpose of education in amounts substantially in excess of an annual rise in tax rates, provided they thought that they were getting what they wanted in education. The present system does not have a place for this gradual, voluntary rise in educational expenditures.[17]

WE HAVE SEEN now the desirable consequences. But are there undesirable consequences? Let us see. The main objection now made against private schools is that they are divisive. This charge has certainly never been documented, but it is a common theme of educationists, who speak of private schools as "inherently undemocratic" by contrast with the "democratic public school system." Dr. James B. Conant

[15] Cf. Procter Thomson, "Free Public Education," *School Review*, 1955.

[16] Cf. Paul R. Mort and Francis G. Cornell, *Adaptability of Public School Systems* (New York: Teachers College, Columbia University, 1938).

[17] Benson, *op. cit.*, pp. 327-28.

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has said, "To my mind our schools should serve all creeds." (Conant's statement can mean either: (1) all people should go to the public schools, whether they are satisfied with them or not; or (2) all people should be satisfied with the public schools.) He goes on, "the greater the proportion of our youth who attend independent schools, the greater the threat to our democratic unity."

The nature of a desirable democratic unity is certainly difficult to assess, being of not-too-much, not-too-little variety: we want "unity," but not "conformity;" we want "differentiation," but not "divisiveness." And how much of a "threat to democratic unity" should we permit? Should these "threats" be absolutely prohibited? After all, free speech is divisive; freedom of the press is divisive; political democracy itself, with candidates who actually compete against each other, is divisive.

It is generally accepted that in any stable society there must be a set of common ideas and assumptions without which even rational discussion and persuasion is impossible; and that without commonly held moral beliefs, maintenance of order will require extreme coercion. On the other hand, *it seems reasonable to expect that the majority opinion which in a limited area guides democratic government should, in order to avoid circularity and stagnation, be independent of the control of government in its formation.* Otherwise, there will be a tendency to prevent a minority from trying to alter majority opinion—and to do this is to cut the roots of progress, to destroy the principle of minority opposition by which civilization has grown and spread. ". . .the conception that government should be guided by majority opinion makes sense only if that opinion is independent of government. The idea of democracy rests on the belief that the view which will direct government emerges from an *independent* and spontaneous process. It requires therefore the existence of a large sphere independent of majority control in which the opinions of individuals are formed."[18] Consider an example: the judgment of the desirability of the United States' maintaining its membership in the United Nations or in NATO or in SEATO is a judgment that should be made, no doubt, on majority grounds. But suppose a measure of government control such that the great majority of children are *indoctrinated* to hold that membership in the UN, NATO, SEATO, etc., is in the best interests of the U. S. The majority at some one moment could use a unified public school system to impose its position on the minds of the young; there would be no real possibility of change, even if conditions change.[19]

Applying these principles to the controversy over the private schools as a threat to democratic unity, and assuming that it is generally true that schools are a mirror of society, it follows that, unless substantial evidence is forthcoming, unless it could somehow be shown that private schools will not reflect parents' wishes or that parents will wish to train their children in un-American ways, there may be grounds for wondering, but no grounds for acting as though private schools are a threat to desirable democratic unity. Since there are far more historical precedents for being careful to avoid a school system that is nationally controlled, one should want to make very sure that a minority having doubts about the wisdom of a majority decision is not to be denied an opportunity to use rational discussion and persuasion to alter the conviction of the majority. This may appear to be an exaggeration, but consider an editorial in the *New Republic* (March 20, 1960) which informs us that "to accept the principle of equal support of public and private schools out of public funds is to abandon *the mission of the state* . . . the State is committed to exerting a *secular, unifying egalitarian* force."

[18] Hayek, *op. cit.*, p. 109.

[19] Cf. F. Lilge, "The Politicizing of Educational Theory," *Ethics*, April, 1962; and C. Bay says: "It is the ability to resist manipulation I wish to see increased, and this ability can best be developed in institutions in which not impartiality but controversy is fostered. . . . On this score I swear to the wisdom of Socrates." *The Structure of Freedom* (Stanford: Stanford University Press, 1958), p. 98.

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This appears to me very like the analysis by John Stuart Mill of "state education," which, however, he deplores:

> That the whole or any large part of the education of the people should be in State hands, I go as far as anyone in deprecating. All that has been said of the importance of individuality of character, and diversity of opinions and modes of conduct, involves, as of the same unspeakable importance, diversity of education. A general State education is a mere contrivance for moulding people to be exactly like one another; and as the mould in which it casts them is that which pleases the predominant power of the government, whether this be a monarch, a priesthood, an aristocrat, or the majority of the existing generation; in proportion as it is efficient and successful, it establishes a despotism over the mind, leading by natural tendency to one over the body. An education established and controlled by the state should only exist, if it exists at all, as one among many competing experiments, carried on for the purpose of example and stimulus, to keep the others up to a certain standard of excellence.[20]

In sum, a mainly-private school system seems to destroy the balance between democratic unity and democratic diversity as judged by the rule-of-thumb: avoid what tends to make rational discussion more difficult. Thomas Gilby, O. P., has said, "Civilization is formed by men locked together in argument. From this dialogue the community becomes a political community." There is no evidence that a school system where parents have a choice between alternative types of schooling, will fail to mirror our society as it is, or make rational discussion more difficult. "It is unlikely that private demand will purchase, or that private supply will offer, kinds of education which threaten or even marginally undermine the beliefs we hold and the knowledge and skills we deem essential. . . . An enterprise which emphasized instruction in the Koran or the Communist Manifesto would be unlikely to be established or, if established, to endure."[21]

[20] John Stuart Mill, On *Liberty* (New York: Appleton-Century-Crofts, 1947), p. 108.

[21] Thomson, op. *cit.*

Another objection is raised by Benson:

> The compelling argument for maintaining the present pattern of public operation is, we believe, found in the imperative of social mobility. In this country (in Dr. Conant's words) there is a "devotion to the ideals of equality of opportunity and equality of status." The *ideal that every child have an equal start in life* is impossible of close attainment, but the public schools have been the major instrumentality for moving as far as we have toward that goal. It seems clear, moreover, that quality of education is becoming a more important determinant than before of an individual's income and status. The justification for public *operation* of the schools rests, then, on the control of the public school system in preserving social mobility.[22]

This objection is quite obviously based on the egalitarian assumption that everyone should have an equal start, and takes the dog-in-the-manger attitude that if everyone cannot have the better, then no one shall. It is not said that some would receive a worse education than any do now, but rather that not all would benefit to the same degree. (Under the voucher system, the exchange value of vouchers would differ from community to community, but there is no reason to believe that there would be a wider range of expenditure than exists now: in 1959-60, the per-pupil cost in Arkansas was $191, but was almost three times that amount, $559, in New York.) Some parents would supplement the voucher directly out of their own pockets, and thus give their children a better start in life.[23] Egalitarians, however, look at matters this way: if a child is born having great *natural* talents, well and good—this is *natural*—and he can eventually develop and use these talents for the common welfare. Yet the useful qualities which are welcomed when a

[22] Benson, "Rebuttal," op. *cit.*, pp. 328-29. First italics mine.

[23] The educational tax level would tend to rise to the level at which those parents who constituted a majority of the whole population voting on educational funds would pay no additional subsidy to the schoolmaster.

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result of a person's natural endowment are suspect when they are the result of circumstances such as a good home and intelligent parents. Of course, we believe that the family is so valuable because we believe that as a rule parents can prepare their children better for a satisfactory life than can anyone else. (If we did not believe this, we would likely follow the example of the Russians, who take children out of the family at a very early age and put them into State nurseries for the preferred moral and intellectual training to be got there.) But we seem not to be aware that "there is, indeed, good reason to think that there are some socially valuable qualities which will be rarely acquired in a single generation but which will generally be formed only by the continuous efforts of two or three." We are simply not willing to admit that "belonging to a particular family is part of the individual personality, that society is *made up* as much of *families* as of individuals, and that the transmission of the heritage of civilization within the family is as important a tool in man's striving towards better things as is the heredity of beneficial physical attributes."[24] It is as unreasonable to take away from parents a good chance of providing their children with a head-start in cultural and educational qualities as it would be to take away from parents the chance of providing their children with a head-start because they were given a finer moral training.

One might now reasonably ask: why is it that people so devoted to freedom as were our Founding Fathers did not develop a mainly-private school system? The answer is that of course no large-scale educational system was developed until the second third of the 19th century—and a *public*-school system was then developed for a number of reasons which have little or no application today: first, the scope of mass-immigration made defensible the concept of the public-school as a "melting-pot;" second, the very technical administrative difficulties of a publicly-supported private school system, of handing out vouchers to individuals, and checking their use, made such a system impractical (today, of course, an I.B.M. engineer could outline a rational approach to this problem on his day off); third, Catholics under the leadership of some bishops made the fatal mistake of fighting the school question as a Roman Catholic question rather than as a question of a desirable exercise of parental rights;[25] fourth, there was a measure of belief among the most influential Protestant bodies that public schools could be Christian though nonsectarian — a belief that proved unfounded, especially once the courts began, around the turn of the century, to defend minority rights in this sphere; fifth, the "natural monopoly" argument was much stronger in earlier days: a given locality can support only one school, and that had best be publicly administered and finally, the intellectuals of the day looked upon the Prussian public-school system as an ideal model.

UNDER THE SYSTEM proposed, whereby the financing of education is a government function but the educational institution itself is privately administered, what happens to higher education? According to Friedman and Hayek, we must first of all distinguish between three sorts of education beyond the high-school: *first,* education for leisure and leadership, or liberal education; *second,* vocational education offered in professional schools — those which train dentists, veterinarians, beauticians, etc.; *third,* advanced research at the "frontiers" of knowledge. Different things must be said of each, though it is often admittedly difficult to distinguish between them in practice.

What about college-level liberal arts education? Limited by the wealth of the community, a case for subsidizing the demand for this sort of education can be made along the same lines as the case for subsidizing the demand for elementary and secondary education —

[24] Hayek, *op. cit.*, p. 90.

[25] Cf. Zachariah Montgomery, *"The School Question"* (Washington: Gibson Bros., Printers, 1886), esp. p. 45 ff.

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though, of course, the case for financing education for all at some lower level is stronger than it is at a more advanced level. Here the student's family would be given a voucher for a limited sum, which could be supplemented by the family's own resources, scholarships, etc.— a sort of G.I. Bill extended to all. There would tend to be fewer if any State administered liberal arts schools remaining. And the limitations of this program would be imposed by the limitations of the material and human resources of the community.

What should be the functions of the State with respect to vocational education? Let us look a little more closely at, say, the training of a dentist. A young man is attracted by the material (and, conceivably, non-material) rewards of dentistry. He must invest a certain number of years, and a certain amount of money, but when he gets his certification, he gains the rewards of his investment. As things now are, it is usually a great deal easier for the wealthy young man to invest the requisite time and money; it would appear desirable that loans (analogous to equity capital) be made available, in the absence of private investors, by some federal institution which could offset this advantage the wealthy have; this would tend to increase competition and promote the full development of human resources. Note that it is *loans,* not gifts, which are in issue — for since the major part of the advantages of such professional education (those which increase the individual's economic productivity) accrue directly to the individual in greater earning power, it is undesirable that government make this sort of education free, for that would tend to promote over-investment in human beings.

What, finally, should be the functions of the State with respect to advanced research in all the fields of knowledge? It is clear that major contributions to knowledge are made at advanced-research institutions — universities which provide education as a by-product of research. Unlike the benefits which training in dentistry confers, the benefits which the research-scholar's work produces do not accrue to him personally. "The benefits that a community receives from its scientists and scholars cannot be measured by the price at which these men *sell* their particular services, since much of their contribution becomes freely available to all."[26] Financing such research may be a desirable function for government when private resources are not wholly adequate. And here it is a matter of a gift to an institution or to an individual, since success in this field does not usually bring proportional financial returns to the institutions or individual researchers.

TO TURN TO the immediately practical order, what chance does the voucher plan have of achieving recognition and approval? There are some formidable obstacles, most notably the roadblock the educationists are likely to erect in the way of a plan which would do so much to weaken their power and prestige. As Albert Lynd wrote a few years ago, "The educationists have copper-riveted one of the neatest bureaucratic machines ever invented by any professional group in any country since the priesthood of ancient Egypt." Then consider the difficulty of rousing the interest of the 20th-century-liberal intellectuals, who concern themselves with some sorts of infringements of individual liberty but favor over and over again increasing the role of government *vis-a-vis* individual initiative — though if this group ever came down on the side of effective parental choice, the battle would be over. And conservatives may be of two minds: opposition to innovation and change will struggle with the desire to roll back the influence of government in an important area of national life. Of course, both Catholics and Protestants could be expected to approve on the grounds that an extension of parental initiative is desirable; but some Protestants would dislike the idea that Catholics would no longer be at a financial disadvantage. Negroes would have good reason to favor the plan if they

[26] Hayek, *op. cit.*, p. 283.

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were shown that their status would gradually improve, but the fact that the plan was first introduced in the South is a strike against it; and they might prefer seeing coercion used on their side for a change.

There are, however, two quite hopeful straws in the wind: first, the current interest in Gov. Nelson Rockefeller's "scholar incentive program" to strengthen the private colleges and universities in New York, and second, the interest in strengthening private schools evidenced by the number of congressional bills (163 from 1953 to 1960) for reducing taxes by an amount proportionate to tuition costs. Further, since the voucher plan is quite open to being introduced gradually on the local level, and since costs are rising, economy — attainable by giving as an alternative to public schooling a voucher for an amount less than estimated public school costs—may offer an additional motive for its introduction, at least in those areas where Catholics are not numerous.

To conclude, it may be that the current debates over our various educational problems in the United States will lead increasing numbers to consider seriously proposals like the voucher-system, systems which remove most educational choice from the sphere of yes-or-no political decision. The test of the desirability of considering such systems is not speedy enactment but the contribution they make to orderly thinking about basic issues of educational policy. And perhaps what David Riesman has said in another context may prove to be the case here: "Radical and what were previously regarded as 'impossible' changes come about almost instantaneously once people discover that views they had previously regarded as unacceptable or idiosyncratic are in fact widely shared."[27]

[27] *Atlantic Monthly*, April, 1961, p. 43.

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"Consumer Sovereignty" and the Law

BRUNO LEONI

CONTEMPORARY TECHNOLOGY has accustomed us to the manufacturing of the most varied things, and not only of things never previously produced or conceived, but also of those which in the not too distant past were produced but not *manufactured,* as, for instance, pre-fabricated houses, and the famous Liberty Ships which contributed so much to the victory of the Allies in the last war. With the help of technology, long and costly processes of production have been eliminated, costs reduced, and delivery dates accelerated, with increased satisfaction for the consumer, and, naturally, for the producer as well. These technological processes have, as has already been emphasized by many, posed a series of problems in other fields, by bringing about often radical changes in the social environment and even in our ways of thinking.

A widespread commonplace concerning contemporary culture is the position affirmed by — among others — the distinguished American jurist, W. Friedman, in his recent book, *Law in a Changing Society*:[1] namely, that technical progress has necessarily and directly entailed a profound revolution of legal institutions. In this age of space satellites and astronauts, we often hear it asked, how can we possibly limit ourselves to, say, the concepts inherited from the Romans on the subject of property or contractual obligations, and so on? In reality, however, the modifications of legal institutions through the agency of technical innovation are not so numerous nor so important as they seem; in any case, it is very doubtful, and surely at least debatable, that such innovations of themselves entail radical modifications of the institutions and relations which have ruled our societies for thousands of years. While, for example, the private ownership of property admittedly no longer reaches *usque ad sidera* in any country of the world, nevertheless, it still persists and fulfills its necessary role. In the same way, the word or signature given by telephoto, or any other ultra-modern method, serves the same necessary function that it has had for some millenia. The modern man who communicates by television and travels in jets is of the same flesh and blood as, is psychologically and physically similar to, his distant ancestors who communicated by voice and travelled in chariots and sailing ships.

But notwithstanding the relative stability of legal institutions, at least in the countries of the West, a noteworthy change has arisen during the last 150 years precisely *in the way in which people had for centuries, and even millenia, conceived the nature, origin and functions of the law.*

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[1] W. Friedman, *Law in a Changing Society* (London: Stevens, 1959).

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The decline of the idea that the law is on the whole independent of the will of the rulers, and that it cannot be identified immediately and completely with the laws and decrees emanating from time to time from the holders of political power, is a most striking development, for its implications no less than for its diffusion in almost all societies in the contemporary period.[2] Strangely enough, this development — perhaps through the continuity and gradualness with which it has taken place since the beginning of the last century — has seemed so natural, especially in Europe, that very few scholars up to now have addressed themselves to the task of considering it in its whole import or have dedicated to it the attention, and, I would wish to add, the *apprehensiveness,* that it deserves.

If only one word had to be used to define this widespread change in the idea of the law, I would say that according to the man on the street the law today is something which must be *manufactured,* or even *pre-fabricated.* That is, it is something produced with the minimum of time and effort judged necessary, according to plans prepared in advance, by the "suitable" people in the "suitable" places (the national legislatures), and presented to those who must obey the laws. The latter people (we might say the "consumers," if the word were not misleading for reasons which we shall shortly see) do not have — or are thought not to have — any other role than that of using the product ready made for them, just as they use the automobile or the washing machine.

The production of the law today by other procedures would seem to many people slow, inadequate and imprecise. Habits, customs, judicial precedents and the opinions of experts in this matter were the classical instruments of the production of the law in classical Rome, in medieval and modern England, in the United States, and, notwithstanding some contrary appearances, in the majority of the countries of Europe until the compilation of the current legal codes, that is, generally speaking, until the beginning of the last century. But these instruments appear today, at least to the superficial glance of many, as outmoded tools of an "artisan" society, inadequate for the needs of a "rapid" civilization on the vast scale that we are familiar with today.

THE ANALOGY BETWEEN juridical "products" and the products of our technical and industrial civilization is not, however, so suitable as it appears at first glance. In fact, considered more attentively, it turns out to be wholly deceptive and false. A fundamental difference exists in the relationship, on the one hand, between the producers and consumers of the goods manufactured with the resources of industrial technique, and, on the other hand, between the "producers" and "consumers" of legal rules manufactured, even mass-produced, by the wielders of political power with the resources of legislative techniques.

In spite of every contrary appearance, the industrial productive process in the countries of the West is still originated and sustained by the initiative of private individuals — that is to say, by individuals who do not have at their disposal the police or the army to constrain the consumers to buy the products which these private individuals put on the market. "One dollar, one vote," describes very well the nature of that continuous process with which the consumer directs and dominates the conduct of the producers in the free market. While the latter study how to entice the consumer (and sometimes even how to deceive him), they know that in the final analysis they must serve the consumer, satisfy his will, and cater to his whim

[2] The phenomenon concerns not only the countries of continental Europe (where, as is well-known, the "will of the prince" has been repeatedly regarded as the fount of the law), but also the Anglo-Saxon countries, where it used to be maintained, at least up to the beginning of this century, and still is in part, that the "prince" (today we should say "parliament," and through it the government, when the parliament delegates to it the necessary powers) *is not so much the creator of the law as the guardian of justice,* which the judges administer in the prince's name, but in full independence of his personal will.

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under penalty of going into the red, and thus having to cease their productive activity.

There is a radically different relation between the "producers" and "consumers" of the legal rules manufactured through the use of legislative technique. The vote of the "consumers" in this case is discontinuous, a circumstance arising from the fact that it can be given only at certain times and under certain conditions, with a meaning almost always empty or equivocal, and with effects not predicted, often unpredictable and frequently unwanted. We may also add that not all "consumers" can vote, whereas on the market even a five year old boy who has ten cents to buy himself an ice cream cone casts his "ballot." Further, there are always some voters who will find themselves in the minority of any political vote and despite every contrary electoral invention and device are destined purely and simply to *waste* their votes. To control the production of legislation, in this case, is for the "consumers," the people for whom the rules themselves are intended, an evidently hopeless job.

It is said that these differences between economic processes and legislative techniques are inevitable, and that it is therefore necessary to know how to resign oneself to them. Our civilization does not allow us to take into consideration the desires of all the electorate on the political level, the argument goes, and consequently political representation is the best substitute that can be offered us for that real "representation" which would otherwise be unfeasible. This position would make sense if the people for whom the laws are intended could control the production of these laws in no other way than through the institution of "representation." But it is exactly this claim—that there is no other way to produce law than through the institution of representation—which has to be demonstrated, since this technique of production of the law (legislation) reveals its grave inefficiency. It is the problem of defining "law" that must be entirely reconsidered and, in particular, the problem of whether the law, and, especially the above-mentioned private law, can be "manufactured," as today a washing machine or automobile is manufactured. Might it not be, instead, that the law is something that evades the rules of industrial production and consumption, something not susceptible of being manufactured by a limited number of "entrepreneurs" for the use of everyone else?

One can cite the contemporary experience: the law of today which denies that of yesterday evening, and which will be superseded by that of tomorrow morning; the two thousand laws manufactured every year by 500 men in our own, as in other countries, without the majority of the citizens even knowing of the existence of these laws; the obviously ephemeral character of much legislative activity, owing to the transitory triumph of no less ephemeral majorities in parliaments; the consequent impossibility of the citizens making long-range plans which could take for granted the constancy of juridical rules; the equally serious consequence that the law of today can be the result (as frequently happens) of the oppressive design of a slender majority, or even of an effective *minority* (the "pressure groups," as they are called today), who tomorrow will see themselves oppressed in their turn by a new minority in the seats of power. All these are reasons for profound perplexity on the nature and the function of the law "manufactured" by the legislators who produce laws on a vast scale. This process of "production" may seem to be equivalent to the techniques evolved for manufacturing industrial items, but, unlike the industrial sector, in the case of law there are actually very few reasons for preferring those techniques to the ancient methods of the "artisans" for the ascertainment and the "production" of the customary and judicial law.

Perhaps one day the common man will understand a truth with which he appeared to be instinctively acquainted in times not far distant from us, although they seem to fade more and more into the past. In reality, the law is something which is not pre-fabricated in some

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specially-designated place, by some specially-designated producer and with some pre-established technique. In much the same way, no followers of the artificial languages such as Esperanto and Volapuk have yet succeeded in finding a substitute for the language that we speak every day, which also is *not* prefabricated. The law is in the last analysis something which everyone makes every day with his behavior, his spontaneous acceptance and observance of the rules that everyone helps to establish, and finally, even if it seems paradoxical, with the disagreements themselves which eventually arise among the various individuals on the observance of these rules.

The consequences of this old but always valid conception of the law will not necessarily consist in the total abandonment of the "manufacturing" of the law. But certainly our law-factories will have to limit very much their "production," and renounce sooner or later (if the West is not destined to fall into servitude) many of their "products." Finally, "law-consumers" will take back their true function of being producers of their own laws or at least of those laws—and they are not few—whose production they would otherwise control but today cannot.

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On the Premises of Growth Economics

ISRAEL M. KIRZNER

THERE ARE FEW topics concerning which economists are currently more able to secure respectful public attention, than that of economic growth. "To foster a more rapid growth rate" has become an almost unquestioned goal of governments throughout the world. A very considerable fraction of the research efforts of economists is, and has been now for several years, directed to the problem of how this goal is to be achieved. The course of political and economic history in recent decades has focused both professional and lay attention upon the problem of growth and development, pushing out of the limelight even such long-time favorites as the problem of economic stability. Elections have revolved around economic growth, commencement day orators, columnists and editorial writers consider the topic suitable grist for their mills, and books on this supposedly esoteric subject have become popularly accepted as fare for the masses.

There are a number of points of view from which this preoccupation with growth and development appears to be based on misconception and misunderstanding. This article is concerned with the dangers which this preoccupation must seem to imply for all who are concerned with the maintenance of individual liberties. We will analyze the growth problem in order to expose those fallacies in popular thinking on the subject that are responsible for the potential dangers to a free society arising out of this preoccupation. Many of these fallacies will be seen to have their counterparts in the writings of economists themselves; this is not entirely a matter for surprise, but in any event makes our task no less pressing.

That the popular growth preoccupation carries with it implications that must seem menacing to the individualist, hardly needs elaborate demonstration. A growth policy invariably means a government policy. A growth or development policy may call, at worst, for a completely socialized economy; at best it implies a degree of regimentation forced upon an otherwise free enterprise system. Those preoccupied with growth generally believe, first, that growth is *per se* desirable; second, that the spontaneous growth of a market economy is likely to fall short of its full potential; and third, that this full potential may be achieved by appropriate governmental policies. Many even of those who have some understanding of the allocative functions of the price system, and who appreciate the market as an engine of social efficiency, are convinced that for growth purposes it is necessary to resort to governmental direction of economic activity. Like Keynes, they see no reason to suppose that the market seriously misemploys

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the factors of production which are in use;[1] perhaps, unlike Keynes, they see no reason even to believe that the market fails seriously in providing employment for all factors that can be efficiently employed, but they do nonetheless believe that the unhampered market fails to direct economic activity along the channels required for growth.[2] It is this belief that leads to the advocacy of programs of government activity that must necessarily impinge more or less heavily upon the range of opportunities open to individuals.

This article will focus critical attention on the analytical underpinnings of these beliefs, and will specifically deal with the following four aspects of the problem:

1) We will examine the view that distinguishes sharply between the current allocation of resources on the one hand, and the task of making provision for future growth on the other. It is this postulated distinction that is responsible for the possibility of a posture of simultaneous acceptance of the short-run allocational capabilities of the market, and distrust of its long-run propensities. At the same time it is to this alleged distinction that must be attributed the uncritical acceptance of growth as a goal appropriate to all situations.

2) We will examine the claim that long-run market-achieved results may be expected to be rendered inadequate because of what the economist calls "externalities" operating over time. We will examine both the claim itself, as well as the corollary drawn from it to the effect that, in consequence, government interference with the market may be desirable.

3) We will examine the uncritical use, in the growth literature, of national income (or related) figures as a means of judging and measuring the extent of achieved desirable growth.

4) We will subject to critical examination the welfare theory that is implicit in much of the current literature and discussion of growth. This theory will be scrutinized and held up for comparison with the more limited welfare propositions that are acceptable to economics seen as a science of human action, and to individualist-minded critics.

As we shall discover, these different aspects are intimately bound up with one another. Fallacies which we will expose in connection with one of these aspects, will be found to have great relevance to others. Nonetheless, for the sake of clarity, it appears expedient to deal with one matter at a time.

WE TURN TO the first aspect: that of the postulated distinction between the goals of short-run allocation, and long-run growth. This distinction is one that is made repeatedly in the economic literature. (It is not met with quite as frequently in lay writings, probably because the allocation problem itself is poorly understood in these writings.) Many textbooks of economics inform students that allocation and the provision of growth are *separate* functions of economic systems.[3] An outstanding British economist has declared that the study of growth, rather than of allocation of scarce resources among competing ends, should be seen as the core of economic science.[4] Certain economists suggest that the Soviet economy may not be successful in allocating its resources, but is successful in achieving

[1] See J. M. Keynes, *The General Theory of Employment, Interest, and Money* (New York: Harcourt, Brace, 1936), p. 379.

[2] For some recent examples of this widespread belief, see Karl de Schweinitz, "Free Enterprise in a Growth World," *Southern Economic Journal*, October, 1962; Stephen A. Marglin, "The Social Rate of Discount and the Optimal Rate of Investment," *Quarterly Journal of Economics*, February, 1963; review by Joan Robinson, *Economic Journal*, March, 1963, p. 125.

[3] For examples see Paul T. Homan, Albert Gailord Hart, and Arnold W. Sametz, *The Economic Order* (New York: Harcourt, Brace, 1958), p. 10.; George J. Stigler, *The Theory of Price* (New York: Macmillan, 1952), p. 4; Richard H. Leftwich, *The Price System and Resource Allocation* (New York: Holt, Rinehart & Winston, 1960), p. 20; see also Frank H. Knight, *The Economic Organization* (New York: Kelley, 1951), pp. 12-13.

[4] Peter J. D. Wiles, *Price, Cost and Output* (Oxford: Blackwell, 1956).

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rapid growth.[5] And the list could easily be prolonged.

The rationale of the distinction is a simple one. At any one time an economy finds itself with given resources that set the ceiling on current productive potential. Over time the volume and composition of these resources may change, bringing about corresponding changes in the productive possibilities of the economy. Two separate problems are then distinguished. First, there is the problem of squeezing the greatest possible volume of current output, in value terms, from the currently available body of resources. This is the allocation problem. Second, there is the problem of ensuring that the change over time in the volume of available resources be so arranged as to permit rapid growth.

But the superficiality of the distinction can be shown with equal simplicity. Insofar as the change over time in the volume of resources can be consciously manipulated, this second problem reduces itself immediately to an aspect of the first one. A policy today for tomorrow's resource availability must mean, if it means anything at all, a choice with respect to current production with today's resources that will have an impact on the availability of resources tomorrow. Such a choice clearly involves a particular aspect of the general problem of the allocation of today's resources.

So the writers who profess to have confidence in the ability of the market to allocate resources, but not in the ability of the market to achieve a desirable growth rate, are open to the charge of inconsistency. For the very same price mechanism through which the market system allocates current resources as between the production of shoes and the production of sausages, is available for the allocation of resources as between the production of shoes for today and the production of shoe factories for the future. In fact, the market has developed a wide range of institutions through which intertemporal exchanges can be made between individuals, in this way achieving an allocation of resources over time. There seems no obvious reason to assume the market to be any less efficient in this allocative task than in its others. Writers who wish to express doubts on this score can do so more easily by diverting attention altogether from the intertemporal allocation of resources involved in a growth policy. Their pursuance of this course must appear distinctly dangerous to individualists, if only because this procedure masks the extent to which a governmental growth policy interferes with the pattern of allocation that would emerge from the actions of free individuals acting through the market.[6]

In particular, the spurious distinction between "allocation" and "growth" must be held largely responsible for the uncritical adoption of growth as a desirable goal in all situations. And here, as elsewhere, it is the duty of the economist to point out the *costs* associated with an otherwise desirable outcome — costs which may be of such a magnitude as to render the outcome no longer desirable at all. By implying that a growth policy is not at the same time a policy with respect to the allocation of current resources, growth writers are able to create the illusion that growth involves no cost — and is hence unquestionably desirable. By ignoring the costs required for growth, such writers are led to point accusing fingers at the performance of the market, charging that it does not achieve a sufficiently rapid growth rate. As soon as the growth problem is placed in proper perspective as an allocation problem, however, it is no longer at all obvious that growth *per se* is necessarily desirable. One no longer has the right, then, to condemn the market for not achieving a given rate of growth, when it is by no means clear *a priori* whether such a rate justifies the costs involved. In fact, the costs may be such that the most desirable goal turns out to be not

[5] J. M. Montias, "Planning with Material Balances in Soviet-Type Economies," *American Economic Review*, December, 1959, p. 982.

[6] See, e.g., the paper by de Schweinitz cited above, n. 2, for statements concerning the necessity to abrogate freedom for growth purposes.

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to grow at all, or even to decline. The propensity to ignore the costs of achieving growth, therefore, can only facilitate government interference with the intertemporal choices of individuals through the market, by concealing this kind of cost of a growth policy altogether.

A MORE SOPHISTICATED rationalization for not relying on the market for growth purposes, is provided by economists concerned with external economies and diseconomies. Externalities have roughly to do: (a) with cases in which an individual is held back from undertaking a project the costs of which would be more than offset by the benefits accruing to the economy, because the project requires that while he shoulder all the costs himself, he share the benefits with many others; (b) with cases in which an individual is induced to undertake a project the costs of which fail to be offset by the accruing benefits, because he is able to escape some of these costs while reaping the full benefit for himself. Such possibilities would constitute instances in which private costs or benefits fail to coincide with "social" costs or benefits. Critics of the market economy have pointed to such cases as instances calling for government intervention to prevent an otherwise faulty allocation of "social resources."

A special example of the externalities argument occurs where a large project (or series of complementary projects), in which many people would participate jointly in both costs and benefits, would be of net benefit to each of them — but which no single individual wishes to embark upon by himself for fear that he might be left to bear all the costs while sharing the benefits with others. It is this kind of possibility that is frequently implied when the necessity for central direction of a developing economy is advocated. It is argued, that is, that the profitability of investment projects frequently hinges on the simultaneous undertaking by others of complementary investment projects. A railroad will extend a commuter line to the outskirts of a city only if a series of housing projects is expected to be built there; but the housing projects may in turn be contingent on the prospect of the commuter line extension.[7] In the words of one recent writer, "an atomistic market provides no means of breaking the deadlock: none of us is willing to invest unilaterally, each of us is prepared to if we all do."[8]

Nonetheless it is not clear that externalities and interdependence provide sufficient justification for persuading a society of free men to surrender significant degrees of their liberties. This position is based on two grounds. First, it can be shown that externalities do not render the market as impotent an engine of efficiency as might appear at first blush. Second, it can be argued that even where externalities cannot be overcome by the market process, the situation does not obviously justify coercion as a solution. We take up these two points in order.

Externalities may not seriously impair the efficiency of the market, because the market itself is able to exert forces capable of overcoming many of the obstacles raised by these externalities. The existence of interdependence sets up market forces making for conglomeration. External economies tend to become internalized by mergers of firms into larger units, or by voluntary cooperative activity.[9] This can be as true for long range projects as for immediate ones. So long as the size of the proposed projects remains relatively small as compared with the size of the economy as a whole, this process can be carried on without seriously affecting the competitiveness of the system, and provides, in effect, a market alternative to central planning of interrelated projects.

With special regard to intertemporal allocation, too, the market is capable of considerable flexibility in developing in-

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[7] See J. de V. Graaff, *Theoretical Welfare Economics* (Cambridge: Cambridge University Press, 1957), p. 104.

[8] Marglin, *op. cit.*, p. 103.

[9] See Otto A. Davis and Andrew Whinston, "Externalities, Welfare, and the Theory of Games," *Journal of Political Economy*, June, 1962.

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stitutions to cope with problems of interdependence. The relatively long-range plans of market participants can interact very powerfully through intertemporal markets of all types. Forward markets, bond markets, and securities exchanges are all market institutions through which the diverse expectations of prospective investors can become mutually adjusted.

Fully as important, however, as the recognition of the capabilities of the market in overcoming problems of interdependence is the recognition of the significance of problems of this kind that still remain unresolved. Such a recognition will show that it is far from obvious that discovery of unresolved problems of interdependence constitutes an automatic case for central direction. The fact is that consideration of the hypothetical case of interdependence frequently leads one to appreciate the obvious benefits that would accrue from concerted action, without a full understanding of the associated costs. It is easy to compare one situation in which the possibilities of concerted action are not exploited, with the situation in which they are exploited, and become convinced of the resulting gains. But it is also easy to do so without taking into account the fact that the organization of concerted action involves an unavoidable cost in terms of communication of knowledge, persuasion of individuals to participate, ensuring conformity with the agreement, and so forth. These costs must, in the nature of the problem, be borne if concerted action is to take place. If these costs can be covered by the gains, there is a market basis for expecting that the task of securing concerted action will be undertaken. If the market does *not* achieve such concerted action, either through merger or co-operative agreement, this is then *prima facie* evidence that these costs are excessive and render concerted action no longer desirable on a net basis.

Under such conditions, central direction in order to achieve concerted interdependent actions by a group, becomes visible in its true light. Central direction is not a short-cut method of pushing aside the senseless obstacles to progress erected by stubborn externalities. Central direction is seen rather as involving costs of a particular kind, *alternative* to those other direct costs of achieving concerted action — costs that the market has pronounced to be so high as to make such group action not worthwhile. These particular costs involved in central direction include, of course, the liberties that must be sacrificed in the process. The argument that interdependence problems call for solution by central direction, like other such arguments, rests heavily on forgotten costs. *All* group action requires some degree of surrender of individual decision-making authority. The members of a golf club have given the club's governing body the power to make a range of decisions affecting the members. Where the market finds it unprofitable to form such clubs, this means that the costs of persuading potential members to make such a surrender are excessive and not justified by the anticipated result. Central direction does not avoid these costs; it merely substitutes its own. (After all, forcing people to join a club is not necessarily a desirable way of getting recalcitrant potential members to do what is good for them.)

A PIVOTAL POSITION is occupied in the literature on growth, especially that relating to proposals for a centrally-directed growth program, by the *measurement* of national product, or income, or similar quantities, through such aggregative measures as national income figures. These figures, perhaps adjusted to a per capita basis, are employed to show how slow our "growth rate" has been, and thus how unsuccessful our market economy has been in this respect. It is to be stressed that only because such tools of measurement are available for use, and are widely known (by, among others, journalists), is it that the concept of a "growth rate" has gained popularity. But for the ready availability of these aggregative measures, the growth concept itself might not have been able to have been crystal-

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lized sufficiently so as to capture public attention. These aggregative figures are used in growth discussions as reflecting the level of economic well-being of a nation. It will be pointed out in this section that the indiscriminate use of such figures in the growth literature has had harmful results for two distinct reasons: (a) such aggregative measures suffer from serious (and well-recognized) limitations in respect to their ability to serve as measurements of economic well-being; (b) the use of these measures, by ignoring the serious conceptual problems which they involve, helps to create the image of a "national" rate of growth, that corresponds to no rigorous theoretical concept whatsoever.

Gross National Product figures[10] measure the annual physical output of an economy valued at market prices. Placed on a per capita basis, historical figures are frequently used to measure achieved growth, which may then be held up for comparison with similar figures for other countries. It will be pointed out here that because national product figures can necessarily measure output defined only in a particular way, their use in this manner in the growth literature — usually as indices of rising standards of economic well-being — may be highly misleading. These limitations[11] do not preclude the figures from having great usefulness, properly used. The growth problem, however, is precisely one where these limitations (or at least some of them) become crucial. These figures measure the physical output in value terms, but it is well-known that the resulting figure cannot take into consideration many important items of output that do not flow through the market; and, in addition, the output figure makes no attempt to measure the enjoyment of leisure by the members of the economy. This latter omission is, of course, not open to criticism, in a measure of output as such; but it does render the resulting figure quite misleading as a measure of economic growth, especially for comparative purposes. We are entitled to assume that the concept of economic growth, for the layman certainly, refers broadly to increases in economic well-being, rather than to increases in purely physical output. After all, as one writer has pointed out, an economy specializing in breeding rabbits could reach a very high growth rate, in physical terms.[12] But if this is granted, then a figure that reflects nothing of the leisure-dimension of well-being must seem highly distorted. Two economies growing at the same rate, according to these measurements, but which differ in the rate of addition to their leisure time, can surely in no wise be described as keeping pace with one another.[13]

The fact is that aggregate measures such as Gross National Product must necessarily fail to express sensitively many of the variations and refinements that must be taken into consideration in assessing the increase in over-all economic well-being. The current fashion of measuring growth in Gross National Product terms, and of proceeding to use the resulting calculations in policy contexts, cannot fail to exert powerful constraints on the direction of subsequent individual activities. Insofar as policy is deliberately directed to accelerating growth in terms of GNP, it must necessarily nudge the expansion of economic activity away from those dimensions of progress which find no expression in these aggregates, towards those which do. This may well, for example, encourage rabbit breeding at the expense of leisure, free individual preferences possibly being to the contrary notwithstanding.

Perhaps even more important, however, than the omissions that unavoid-

[10] We use Gross National Product (GNP) figures for our purposes here, but other similar figures are open to similar criticism. Of course nothing in these remarks refers to the use of such figures with due awareness of their limitations.

[11] See P. T. Bauer and B. S. Yamey, *The Economics of Underdeveloped Countries* (Chicago: University of Chicago Press, 1957), Chapter II, for an excellent survey.

[12] See E. Malinvaud, "An Analogy Between Atemporal and Intertemporal Theories of Resource Allocation," *Review of Economic Studies*, June, 1961, pp. 148-150, for a sophisticated critique of the "rate of growth" concept.

[13] This, of course, vitiates growth comparisons between the U. S. and the U.S.S.R.

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ably cloud aggregates such as GNP, is the fact that the widespread use of these figures draws attention completely away from the numerous well-nigh insoluble problems involved in measuring at all the almost incredibly elusive "quantity" which GNP purports to represent, and in distilling "its" rate of growth. The truth is that the "level of economic well-being" and similar entities, during any one period, are vexingly but inescapably multi-dimensional—they involve innumerable heterogeneous goods, valued by innumerable different people. To collapse this concept into a single figure raises theoretical and statistical problems so serious that almost any use of the resulting figure in popular media can hardly fail to mislead. When this use is glibly extended to hatch out a rate-of-growth concept, it is to be feared that economists are permitting this apparently simple measure—their own creature—to foster habits of thought in their own minds and in those of the public, which would perhaps never have emerged had the intrinsic conceptual and measurement problems been borne in mind. There can be few more obtrusive examples of the tissue of fallacies that can emerge from ill-considered aggregation than this GNP-inspired notion of a "national" rate of economic growth — a notion whose appeal to the lay intellect is so suspiciously complete as to propagate an entirely new set of attitudes towards economic affairs.[14]

WE TURN TO appraise the welfare theory that is implicit in much of the growth literature. Of all the habits of thought embedded in the growth literature, it is this that offers the most serious threat to the free society. There is, in fact, a profound difficulty (from a welfare theory point of view) that seriously affects all discussions of growth "policies," and especially those relevant to long-range policies for the future. This difficulty arises from the fact that in formulating any such policy, one is necessarily involving the welfare of unborn generations; so that, before even attempting the task of policy formulation, it is necessary to clear up the problem of precisely how the welfare of as yet non-existent people is to be taken into consideration. This problem is crucially relevant to the maintenance of a free society; it is moreover relevant to the "scientific" quality of growth propositions underlying government policy in this context.

The truth of the matter is that economists are incapable of asserting *any* propositions concerning welfare that do not depend in some way on necessarily arbitrary individual judgments of value. To the extent that economists make welfare propositions, they are either acting in a non-scientific capacity, or they are *applying* scientific propositions in the context of given dominant arbitrary value judgments.[15] All this is true of welfare propositions in general; it is *a fortiori* true of propositions involving unborn generations (and thus of growth literature) in particular.

To put the matter in a different way, economists are unable to state as a scientific proposition that any given change yields a net benefit to "society." The reason for this is that ultimately no scientific meaning can be attached to the phrase "the net benefit to society."[16] The economist may be able to assert that acts freely performed by individuals have made *them* better off; but this does not preclude *others* from having been made worse off by these acts. And even if a change benefits every single indi-

[14] Among the more serious theoretical problems raised by the use of GNP figures as indices of growth are: (a) the aggregation of market values which individually reflect only marginal decisions and valuations; (b) the extent to which production for investment should be reflected in these measures. See J. Bonner and D. S. Lees, "Consumption and Investment," *Journal of Political Economy*, February, 1963; see also P. A. Samuelson, "The Evaluation of 'Social Income,' Capital Formation and Wealth," in F. A. Lutz and D. C. Hague, eds., *The Theory of Capital* (New York: St. Martin's Press, 1961), p. 56.

[15] See the large welfare literature on these points, especially Murray N. Rothbard, "Toward a Reconstruction of Utility and Welfare Economics," in Mary Sennholz, ed., *On Freedom and Free Enterprise* (Princeton: Van Nostrand, 1956).

[16] In the more important realm of metaphysics, things are of course quite different.

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vidual (or benefits some without harming others), we have no scientific meaning to attach to the concept of "society's being better off," other than the fact that some *individuals* in society are better off.

"Group decision-making" can in no sense help us escape this impasse. Unless we *define* the social "good" as that emerging from some specified machinery for group decision-making, like majority rule (thereby making what seems to be a dangerous misuse of language), we cannot hope that any such group decision should "represent" the composite values of its members in a consistent fashion. To demonstrate this was the outstanding contribution of Arrow.[17]

But if all this is the case, what basis in consistent thought exists for long-range growth policies on the part of the state? We have shown in this essay that such policies can claim to be plans only if the benefits anticipated for the future are weighed against the associated current costs. But even if such a comparison is attempted, one is left facing the problem of how to *evaluate* the planned future gains. Ordinarily a plan involves a balance of yield against costs. In the growth case, not only are those who will enjoy the benefits *different people* from those who must bear the cost — these beneficiaries do not yet *exist*: their value scales are as yet non-existent. How then can cost and benefit be meaningfully compared?

The problem can be restated in terms less skeptical of the possibility of scientific welfare propositions. Let us for the sake of argument concede that due attention to appropriate welfare criteria makes it possible to enunciate such propositions. These propositions are built out of changes in the welfare of *individuals*. Such changes can be defined only in terms of the value scales of the individuals themselves (so long as we eschew references to an absolute, metaphysical welfare). A person is made better off by a change if he prefers the new situation to the old. But such a preference can be described only against a background of *given* tastes. Should the change in situation be accompanied by a change in tastes, there may possibly exist no unambiguous meaning to the term "the preferred situation." Comparisons of benefit and cost are thus ruled out in this scheme of things, even between persons existing simultaneously; between persons not existing simultaneously, it seems hardly possible even to define what such a comparison should mean.[18]

IT SHOULD BE noticed that the sweeping implications of these considerations for growth "policies" have reference only to those of the state. As far as individuals are concerned, nothing need prevent them from exercising their own arbitrary judgments as to their current choices that might affect future generations. They may wish to consume all their capital and exhaust all the natural resources which they possess, leaving nothing left for posterity. Or they may conserve resources, accumulate capital, to prepare a wealthier environment for the future. It is perfectly in order that these choices be made on a non-scientific basis.

The devastating implications of the above considerations for state growth policies arise precisely from the fact that the state can hope to formulate such policies *only* as an individual does — that is, on the basis of arbitrary judgments of value. And it is here that the crucial issue for a free society is encountered. The arbitrary choices of the state can hardly fail to conflict with the arbitrary judgment of some of the citizens.

In effect, state growth policies, consciously or otherwise, require that the state set itself apart from the current wishes of its citizens, scan the future

[17] Kenneth Arrow, *Social Choice and Individual Values* (New York: John Wiley, 1951).

[18] All this is well recognized in the literature. See I. M. D. Little, *A Critique of Welfare Economics* (Oxford: Clarendon Press, 1957, 2nd edition), p. 85; see also Jerome Rothenberg, *The Measurement of Social Welfare* (Englewood Cliffs: Prentice-Hall, 1961), pp. 52-58; Richard S. Weckstein, "Welfare Criteria and Changing Tastes," *American Economic Review*, March, 1962; Malinvaud, *op. cit.*, pp. 146-147.

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history of society, and pass judgment as to the most "desirable" inter-generation allocation of the "nation's" resources. The state becomes the guardian of the interests of its future citizens, it conserves resources for them, it deprives present citizens in order to accumulate capital for them — all this in a manner that *must* be arbitrarily different from the allocation pattern desired by at least some of the affected present citizens. Sometimes, indeed, this is explicitly recognized. Pigou deemed it the responsibility of the state to protect the long-run interests of society from the short-sighted selfishness of the current property-holders.[19]

At issue are some very fundamental questions concerning private property rights, and the proper functions, powers, and responsibilities of government. This is not the place to clarify these questions. Here it is merely desired to point out that government growth programs cannot avoid rigidly circumscribing the concept of property rights. Such programs involve the deliberate acceptance of a stewardship notion of property rights; they involve moreover the notion of a government elected by *today's* citizens, that should represent the interests also of *future* citizens (possibly in directions undesired by many of today's citizens). The implications of these matters require no elaboration.

A FEW FINAL remarks concerning one further aspect of the fashionable emphasis on governmental growth policies may not be completely out of place. We have referred to the pattern of development that would emerge from freely-made multi-period choices of individual citizens acting through the intertemporal market. Whether growth or decline, this development may at least express the choices of today's citizens. (It may clearly be desirable in some contexts to allocate a larger portion of resources to earlier than to later periods). Whatever the pattern of development, it depends for the success with which it reflects the wishes of the people, on the accuracy of the intertemporal market in registering the multi-period value rankings of individuals. And it is here that governmental growth (and other) policies may inhibit the desirable expression of these multi-period value rankings. An atmosphere in which individuals fear such things as chronic inflation, possible eventual abrogation of property rights, confiscatory taxation, and the like, cannot but distort the multi-period plans that individuals would otherwise make. Intervention in the intertemporal markets must, moreover, inevitably prevent them from registering individual multi-period value rankings as sensitively as possible. All this may lead conceivably to a pattern of historical development substantially different from what might have emerged from the free choices of the people working through the free intertemporal market.

[19] See citations (and references to other writers) in de Graaff, *op. cit.*, p. 101.

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The Negro Revolution

MURRAY N. ROTHBARD

DESPITE INCREASING USE of the term, it is doubtful that most Americans have come to recognize the Negro crisis as a revolution, possessed of all the typical characteristics and stigmata of a revolutionary movement and a revolutionary situation. Undoubtedly, Americans, when they think of "revolution," only visualize some single dramatic act, as if they would wake up one day to find an armed mob storming the Capitol. Yet this is rarely the way revolutions occur. Revolution does not mean that some sinister little group sit around plotting "overthrow of the government by force and violence," and then one day take up their machine guns and make the attempt. This kind of romantic adventurism has little to do with genuine revolution.

Revolution, in the first place, is not a single, isolated event, to be looked at as a static phenomenon. It is a dynamic, open-ended process. One of its chief characteristics, indeed, is the rapidity and acceleration of social change. Ordinarily, the tempo of social and political change is slow, meandering, inconsequential: in short, the typical orderly America of the political science textbooks. But, in a revolution, the tempo of change suddenly speeds up enormously; and this means change in all relevant variables: in the ideas governing the revolutionary movement, in its growth and in the character of its leadership, and in its impact on the rest of society. Another crucial aspect of Revolution is its sudden stress on *mass* action. In America, social and political action has taken place for a long while in smoke-filled rooms of political parties, in quiet behind-the-scenes talks of lobbyists, Congressmen, and executive officials, and in the sober, drawn-out processes of the courts. Outside of football games, the very concept of mass action has been virtually unknown in the United States. But all this has been changed with the onset, this year, of the Negro Revolution.

As in the case of most revolutions, the Negro Revolution began with a change in the ruling values and ideas of American intellectuals. At the turn of the century, and through the 1920's, most American intellectuals were fundamentally "racist," i.e., they upheld two guiding postulates: (1) that the white race in general, and the Anglo-Saxon wing of that race in particular, are inherently superior, intellectually and morally, to other races and ethnic groups, and particularly the brown and black races; and (2) that *therefore* the superior races had the right and perhaps even the duty to exercise political power over the inferior. Although (2) does not at all follow from (1), few people, whether pro- or anti-racist, have seen that this political conclusion is a *non sequitur*.

In the 1930's and 1940's, an enormous

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change occurred among American intellectuals on the race question. Influenced partly by the racist excesses of Hitler and the atmosphere of World War II, American intellectuals, during the 1930's and '40's, swung around to almost the opposite position. In their anxiety to preclude a racist brand of statism, the intellectuals adopted the opposite brand of egalitarianism. Their two new guiding postulates became: (1) all races and ethnic groups are intellectually and morally equal or identical, and (2) that *therefore* no one should be allowed to treat anyone else as if they were not equal, i.e., that the State should be used to compel absolute equality of treatment among the races. Here again, few people noticed that another *non sequitur* was being employed.

It should be noted that this shift is by no means identical to the well-known shift (sometimes attributed by conservatives to a Fabian "conspiracy") of intellectuals from *laissez-faire* liberalism to interventionism and socialism. *That* shift occurred decades earlier, and the racist postulates were as common among American socialists and progressives as among conservatives. This shift by intellectuals from racism to egalitarianism then began to filter down, inevitably, to the rest of the population. And this had two crucial effects: it inspired the Negroes to begin to struggle, at long last, for their rights as they saw them; and it disarmed the whites from offering any effective opposition to such a change.

NOW THE PATTERN of racism in America, of course, has been *political* and therefore enforced by police power in the South; voluntary and therefore much looser in the North. The focus of the Negro movement thus had to be the South. And even though the Negroes are a submerged minority in the South, the growth of education and therefore receptivity to intellectual influences, has led the white majority to agree that the Negroes are *right,* that morality, at least, is on the side of the Negro people. Here we have the indispensable condition for success of a *minority* revolution; for even though Negroes are a minority in this country, general white agreement on the righteousness of the Negro cause has provided the framework for majority support.

The first step, then, was an ideological conversion of the intellectuals and then the bulk of the people; the second was the stirring of the Negroes themselves against segregation and for egalitarian goals. Since the outstanding racist center is the South, the drive began there, and proceeded in the most "moderate," non-revolutionary way possible: through the orderly, staid processes of the government and its courts. This was the way of the oldest and by far the most conservative of the leading Negro organizations, the NAACP. Financed largely by wealthy whites, the NAACP's technique was to employ the power of the Federal Government—its courts and hopefully its legislature, to change conditions in the South. That the NAACP is moderate and non-revolutionary, incidentally, does not mean that it is less statist than more radical Negro groups. On the contrary, the hallmark of the NAACP technique has been to use the "courts instead of the streets," i.e., to confine the Negro movement to State processes, instead of direct action by the masses. It is precisely action *outside* and against the State apparatus that forms the hallmark of a social revolution.

The NAACP went ahead, slowly and gradually, and its use of the Federal arm bore fruit; but the processes of gradualism and legalism, typified by the snail's pace of school desegregation years after the Supreme Court's decision in *Brown v. Board of Education,* began to make the Negroes restive, and understandably so. If they were indeed *right,* as almost everyone up to the Supreme Court was proclaiming, why shouldn't right prevail quickly, even immediately? How long were the Negroes to wait for what nearly everyone, since the previous "revolution" in values, now conceded was their right and due?

There then began among the Negroes a series of sporadic, isolated, uncoordinated actions: beginning with the Montgomery bus boycott in 1955, and continuing with sit-ins, Freedom Rides, etc.

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The significant points about this third phase of the Negro movement are: (1) that they were direct *mass* actions, actions "in the streets," voluntary actions by Negroes themselves, casting off dependence on the quiet and seemingly peaceful operations of the State; and (2) as such, they quickly went beyond the established NAACP framework. Because the NAACP was not geared for this type of revolutionary action, new, far more radical organizations began to replace the NAACP in the leadership of the demonstrations. As in the French Revolution, each succeeding wave of organizations able to capture the leadership of this dynamic movement is more radical than the one before: has to be, in order to gain and keep that leadership. And, as the process accelerates, each succeeding organization takes the risk of being tagged with that chilling label "Uncle Tom," apologist for white domination. And, therefore, the older organizations, in this fierce inter-group competition for the loyalty and leadership of the increasingly radicalized Negro masses, themselves become more radical or claim to; thus the NAACP, until recently an opponent of mass demonstrations, now must take a stand in favor of them — or lose all standing in the Negro community.

The Reverend Martin Luther King brought to the Negro movement the truly revolutionary concept of non-violent mass action. The Gandhian concept of non-violent action had several advantages for the Negro movement, especially in that relatively early stage. For one thing, it imbued the movement with the prestige of a "philosophy," however shaky much of the philosophy was; it was able to make use of the common Christianity of the country to appeal to the great Christian tradition of non-violence; it placed a great moral advantage in the hands of the non-violent demonstrators as against their armed opponents; and, finally, it was the most practical course for an oppressed, unarmed minority facing the armed brutality of the Southern police. Probably, the most important of these advantages is the moral: for, nothing could be more potent in mobilizing support throughout the country, among Negroes and whites, than the news or pictures of unarmed and helpless Negroes beaten or clubbed by armed whites. And this despite the philosophical fuzziness of the King concept of "non-violence;" for mass invasion of private restaurants, or mass blocking of street entrances is, in the deepest sense, *also* violence. But, in the generally statist atmosphere of our age, violence against property is not considered "violence;" this label goes only to the more obvious violence against *persons*.

AS MORE AND MORE Negroes participated in mass action, the ideology and especially the tactics of the Negroes became increasingly radical and militant. But in the main the King type of strategy prevailed. As this process grew, however, and as the non-violent strategy met defeats as in Albany, Georgia, a new and far different voice began to emerge — with a far different strategy. This newest and most revolutionary movement, as yet still waiting in the wings, is typified, in their different ways, by Robert F. Williams and by the Black Muslims. Essentially, men like Williams and the Muslims asked of the Kings a very intelligent question: why must only the *Negroes* exercise non-violence? Why may the white oppressors, whether in the form of Ku Klux Klan-type mobs or as armed police, be armed and violent, while only the Negroes must remain meek and disarmed? Why not preach non-violence to the whites for a change? In short, these radicals asserted the perfectly incontrovertible thesis: everyone has the right to defend himself against violence *with* violence; and therefore the Negroes have the right to defend themselves with violence agains armed attacks. The views of Williams and the Muslims have generally been distorted in the press as advocating *aggressive* violence against whites; but they have been quite clear that they would only use violence defensively (although they, too, of course, would not consider such acts as sit-ins to be "violence").

The leading white advocate of this extreme left, Truman Nelson, cites as reflecting his views the following quote

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from William Lloyd Garrison's review of *Uncle Tom's Cabin*:

> That all slaves of the South ought to repudiate all carnal weapons, shed no blood, be obedient to their masters, wait for peaceful deliverance and abstain for all insurrectionary movements is everywhere taken for granted, because the *victims are black!* . . . . *They* are required by the Bible to put away all wrath, to submit to every conceivable outrage without resistance. None of *their* advocates may seek to inspire them to imitate the example of the Greeks, the Poles, the Hungarians, our revolutionary sires, for such teaching would evince a most un-Christian and blood-thirsty disposition. But for those whose skin is of a different complexion, the case is materially altered. Talk not to the whites of peacefully submitting, of overcoming evil with good when they are spit upon and buffeted, outraged and oppressed. . . . Oh no, for them it is, let the blood of the tyrants flow! Is there one law of submission for the black man and another law of rebellion and conflict for the white man?[1]

Against *whom* would this militant revolutionary wing direct its defensive violence? Not, to be sure, against such private citizens as store-keepers or owners of golf courses; *their* rights are already invaded, in a "non-violent" manner, by the established Negro "Center." The proposed revolutionary violence would be directed against two groups: (a) white armed mobs, of the Ku Klux Klan variety, and (b) the armed forces of (white) governments, specifically the Southern police.

By the spring of 1963, the "Negro liberation movement" had grown steadily, in numbers and intensity, with the dominant *motif* one of disciplined non-violence, but with advocates of defensive violence gaining in strength around the fringes. But the movement, though developing, was not yet a revolutionary one in the truest sense; its mass demonstrations were still sporadic, limited, and largely confined to a majority of students and other dedicated groups.

IT IS POSSIBLE to pinpoint the time and place when the Negro movement became a revolution: the time, May, 1963, the place, Birmingham, Alabama. In the Birmingham struggle, the stories and pictures of masses of women and small children non-violently refusing "to be moved," and being set upon by fire hoses and police dogs, galvanized the Negro cause throughout the country. This spectacle provided the spark for an amazingly rapid and thorough-going radicalization of the Negro masses. Since that date, the Negro masses throughout the country have become revolutionized, are willing and even eager to demonstrate, sit-down, even fill the jails, and, in some cases, to fight back violently. Not only are the Negro masses eager to join in the fight, but they have since Birmingham exhibited a remarkable alienation and thoroughgoing disgust that is essential to the flourishing of any revolutionary movement. James Baldwin's words which so shocked Robert Kennedy, that the Negroes will not fight for "their" country against, e.g. Cuba, as long as they do not receive their full rights, typifies this growing, radical alienation.

But the Birmingham crisis-point needs to be analyzed in more detail. For the Birmingham struggle took place in two phases: the first phase, of the non-violent children, was on behalf of desegregation, and also compulsory integration of restaurants and forced hiring of Negroes in various jobs. This phase ended with the negotiated agreement of May 10. In retaliation for the Negroes' success, white gangs resorted to violence: to the bombing of a leading Negro motel and the house of the Rev. King's brother. It was this act that provoked an entirely different set of Negroes to action: to committing retaliatory violence on the night of May 11-12. These were not the sober, church-going, lower middle-class Negroes committed to the Rev. King and non-violence. These were the poorest strata of the Negro workers, the economically submerged who help to form that group which suffers from unemployment at a depression-rate, a rate twice the average for American workers as a whole. Interestingly and significantly enough, their aim was not compulsory

[1] Quoted in Robert F. Williams, *Negroes with Guns* (New York: Marzani and Munsell, 1962), p. 22.

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integration, nor was their particular target the white employer or restaurant-owner. No, it was the police.

A reporter for the *New York Post* described these militants:

> They were not the fresh-faced youngsters who paraded so solemnly for justice last week.
>
> They were not those parents who stood proudly by as they saw their children off to jail.
>
> No, instead they are Birmingham's dispossessed, and the truth is that they will remain non-privileged even when the new day dawns. . . . They will not benefit from Birmingham's new deal because they will never be qualified, or acceptable, for jobs as clerks or salesmen.
>
> They have known only two kinds of white men—the boss and the cop. The boss is none too good. . . . But the cop is much worse. The cop accosts them at any hour and arrests them on any pretext.
>
> In every town there's gossip of what cops do in the back room. There was no need for a backroom in Birmingham. The cops often beat Negroes senseless in full public view on the street. . . .
>
> They had always cowered before the cops and held back their hatred —to protect their skulls. But suddenly, without forewarning, for they had been in no church rallies and ridden in no freedom rides, they saw Negroes defying the hated cop.
>
> So, the non-privileged decided to make it a fight of their own. . . .[2]

Demonstrating Negroes have taken to a favorite chant: "What do we want? Freedom! When do we want it? Now!" An admirable sentiment, but "freedom," at best a word of fuzzy meaning in recent decades, is a vague portmanteau, and hopelessly ambiguous word as used by the Negro movement. To some groups it means desegregation, to others compulsory integration, to yet others a racial quota system in all jobs, to still others, as we have seen, the ousting of the Southern police and the Southern sheriff from arbitrary rule over Negro citizens (and whites as well). And to still more radical groups, as we shall see, it means a "Negro nation" in the Black Belt of the South. But the very vagueness of the term adds fuel to the dynamics of the revolution. For it makes the goals of the Negroes open-ended, distant, ever-receding into the future. In short, the very fuzziness of the goal permits the Negroes to accelerate and increase their own demands without limit regardless of how many demands are met. No movement with strictly limited goals can ever become revolutionary; it is the very sweep and vagueness of the demands that make the movement insatiable, and hence ever-open to rapid growth.

ONCE THE REVOLUTIONARY crisis-point is passed, the revolution becomes almost unbeatable, because: (1) if the white governments yield to the stated demands, this adds fuel to the revolutionary movement and induces them to increase their demands; but (2) if savagely repressive measures are taken, as at Birmingham, this will make martyrs out of the Negro victims, multiply their revolutionary fervor, and greatly intensify support of the revolution throughout the country, among white and Negro alike. Indeed, it was this treatment, as we have seen, that made the Negro cause a revolution. In short, the governments are now damned if they do and damned if they don't. With the Negro movement now in a revolutionary situation, it seems therefore *impossible* for the governments to stop or defeat it.

This does not mean, however, that the Negro Revolution will inevitably be victorious. There are two ways by which it might be crippled and defeated. First, the retaliatory creation of a white counter-revolutionary mass movement, equally determined and militant. In short, by the re-creation of the kind of Ku Klux Klan that smashed Reconstruction and the Negro movement in the late 19th century. Since whites are in the majority, they have the capacity to do this *if* they have the will. But the will, in my opinion, is gone; this is not the 19th century, nor even the 1920's. White opinion, as we have seen, has drastically shifted from racism to egalitarianism; even the Southern whites, particularly the educated leadership, concede the broad merit of the Negro cause; and, finally, mob action no longer

[2] *New York Post*, May 13, 1963.

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has respectability in our society. There *have* been attempts, to be sure, at mass counter-revolutionary white action: the Ku Klux leader in Georgia told a rally that "we must fight poison with poison," armed conflict between white and Negro mobs has broken out in Cambridge, Maryland, and white hoodlums have repeatedly assaulted Negro pickets in the Bronx. But all this is a feeble replica of the kind of white action that would be necessary to defeat the revolution; and it seems almost impossible for action to be generated on the required scale.

There is a second, and far more subtle, method by which the Negro Revolution might be tamed and eventually crippled: through a "sellout" by the Negro leadership itself. It has happened time and again in the history of unsuccessful revolts that the masses, after having been indoctrinated and radicalized by their leadership, are then betrayed by the leadership itself, and left floundering and inchoate, finally to collapse from lack of direction or guidance. Betrayals occur for a variety of reasons, but usually from a combination of venality and timorousness; and because it is much easier for counter-revolutionaries to put pressure on the leadership, the few who stand out from the crowd, than on the broad base of the masses themselves.

There are very strong indications that this betrayal-process has already begun; for so radicalized were the Negro masses by the events of May that they have now outstripped almost all of the Negro leadership, even those considered the "crackpot" fringe only a year ago. In particular, we are seeing more and more the openly expressed fear on the part of *all* the established Negro organizations that the Negro masses will get out of hand, will pass beyond the safe-and-sane limits desired by the leadership, and begin to "resort to violence" against the government. Desperately fearful of violence and hence of genuine militancy, all these established organizations, from NAACP to CORE to SNCC, have banded together in the Council for United Civil Rights Leadership, heavily financed by equally fearful white Liberals, to keep the Negro masses "under control."

Of course, the Negro Establishment will not be able to dump their own revolution quickly and abruptly, else they would be totally repudiated by their followers. The strategy, on the contrary, appears to be as follows: to pressure for the "safe-and-sane" course of Federal intervention and civil rights bills, and, with the plum of this concession to the Negro masses, to keep the damper down on mass demonstrations.

The following quotes indicate the dimensions of this attempt to cripple the revolution and channel it into "safe," orderly statist directions:

> Administration and Negro leaders view the passage this year of the Kennedy civil rights bill, with the "public accommodations" section relatively intact, as absolutely essential to keep the fire under control.
>
> "If we don't get the public accommodations section, the Negroes won't talk to us any more," said one important Administration figure. "If we can't talk to them, advise them, there's no telling what might happen."[3]

> Why are white religious, business and civic leaders so anxious to deal with men like [the leaders of the Council for United Civil Rights Leadership]. . . . "You should see what's waiting in the wings to take over, if these non-violent people fail," said one influential white private citizen. . . .[4]

It seems clear, furthermore, that President Kennedy's sudden decision for all-out action on civil rights legislation and his intervention in general were caused precisely by the new revolutionary mood of the Negro people. It was immediately after the Negro violence of the night of May 11-12, that the President decided to send Federal troops to Alabama — causing Malcolm X, articulate young spokesman for the radical Black Muslims, to comment acidly that Kennedy only intervened after the onset of *Negro* violence. Nothing had been done by the Federal government, he added, when white (government) violence had been rampant in Birmingham.

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[3] ***New York Daily News,*** **July 26, 1963.**

[4] ***New York Daily News,*** **July 25, 1963.**

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OUR PROGNOSIS FOR the Negro problem in this country depends on whether or not the Establishment strategy for curbing and containing the Negro Revolution will succeed. Success for this strategy depends upon two factors: (a) whether Congress will pass a "tough" civil rights bill this year, and (b) whether the Negro masses will find a leadership willing at least to keep up with the radical temper of the masses or even to go beyond it. *If* Congress does pass the civil rights bill, *and* no popular radical leaders emerge among the Negroes, then it is fairly certain that the Negro Revolution will be curbed, will be satisfied with limited concessions, and will finally simmer down or perhaps fizzle out. But *if*, on the other hand, the civil rights bill is stopped by a filibuster, *and* a popular radical leadership comes to the fore, then a full-scale Negro Revolution seems inevitable. Should one of the conditions hold and not the other, then the outcome becomes doubtful.

As to the second condition for the continuation of the Revolution, it is rare that a revolution has succeeded without truly radical leaders to constitute a vanguard. But as yet, the Negro Revolution has not found its Lenin, its Castro, or its Hitler. Who are the "extremist" groups "waiting in the wings"? So far, they consist largely of the followers of Robert F. Williams and the Black Muslims, with smaller groupings around the Trotskyites and the Maoist "Hammer and Steel." There are also new and so far small groups of militants such as the *Uhuru* and GOAL movements in Detroit.

The Black Muslims have a substantial following, but largely limited to the poorer working class in the Northern cities. The Muslims are a highly interesting movement, which received favorable publicity years ago in the ultra-right-wing *Right* magazine. The Muslims have a far more libertarian program than the other Negro organizations, opposed to compulsory integration. Indeed, as a Negro nationalist movement, they favor voluntary segregation of the races, preferably in a Negro nation in the "Black Belt" of the South, or in a Negro return to Africa. The Muslims have also been able, paradoxically, to do a remarkable job in instilling the "Protestant ethic" into the most criminal groups of the Negro population. The Muslims, however, have not been able to attract any Negro support in the South; and, at the most, its Muslim religion would limit its mass base. Malcolm X will never be the "Lenin" of the Negro Revolution; at the most, the Muslims could be a co-operating but subsidiary organization in such a struggle.

Robert F. Williams had a substantial following in the South, but he fled to Cuba after being charged with kidnapping, and it is doubtful if he commands any organizational support at present. William Worthy is emphatically on the left of the Negro movement, but again, he is an independent journalist without an organizational base.

The fact that no over-riding leaders are in sight, however, does not mean that they will not emerge. For one of the main characteristics of a revolutionary situation is that change is unprecedentedly swift. As long as the situation continues to be revolutionary, a prominent radical leader and organization could emerge out of the blue in a matter of months.

Suppose that the Establishment strategy fails, and the Negro Revolution succeeds, what form might we expect it to take? Here again, prognosis is risky, but we might expect several developments. In the first place, there seems no doubt that a revolutionary leadership would be generally "leftist," i.e., for some form of socialism at home, and opposed to the Cold War foreign policies of the United States. We can infer this from the fact that the current radical leadership, each in its separate way, has a strong tendency to identify "white oppression" at home with "white American imperialism" abroad, especially against the "colored countries" of Asia and Africa.

As an example of this trend of thought, we may take the Negro journalist William Worthy. In a speech in Harlem on June 1, Worthy called for a Negro "third party" in America (toward which the Muslims and others are also sympathetic) to "co-ordinate . . . unsung local heroes into one gigantic effective

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national movement." A Negro party, added Worthy, would wield the political balance of power, and upset the entire "white power structure" of the country. It would also "change the nuclear-racist-colonialist course of American history, and thereby the destiny of the entire world."

A revolutionary Negro leadership would concentrate, as we have indicated, far more on direct opposition to all levels of *government*, especially the local police. That this would be true North as well as South is seen by the recent prominence of new, militant groups in protesting police brutality in Detroit. Protesting the killing of an alleged Negro prostitute by a white policeman, were none of the established organizations; only radical groups participated, including the Black Muslims, *Uhuru* and GOAL.

Another factor has already served to radicalize all sectors of the Negro movement. More and more reference appears, in the Negro literature, to the "white power structure;" Negroes were highly impressed with the fact that negotiations in Birmingham were conducted, not so much with the elected public officials, as with the leading businessmen of the community. This has caused many Negroes, of varying political stripe, to adopt the radical view that the "real rulers" of government are not the elected officials, but the big businessmen of the community or, in the final analysis, of the country. We can expect that many of them will draw Marxist conclusions from this premise; and the Marxists near and among the radical Negro groups will do their best to see to it that these conclusions are drawn.

Many conservatives are irretrievably convinced that the Communists are somehow "behind" the whole Negro Revolution. Paradoxically, however, in the spectrum of Negro organizations that we have outlined, the Communist Party can best be described as "moderately left of center." Their main idol is the Rev. Martin Luther King, and they wax almost as hysterical over the possibility of Negro violence as do the most determined racists. Anyone considering this far-fetched is invited to turn to a lengthy article by the Negro editor of *The Worker*, James E. Jackson, on the Negro question. Jackson devotes a large part of his article to a savagely vituperative attack on the Black Muslims, calling them "ultra-reactionary forces . . . with the strategic assignment to sow ideological confusion . . . a leach on the Negro freedom movement — sucking its blood. . . ." Jackson is particularly bitter that Malcolm X dared to attack the Rev. King as an "Uncle Tom." Jackson even goes on to denounce militant, revolutionary Negroes in general as self-glorifiers and ignorant egotists. The radical *Liberator* magazine is denounced for daring to criticize the Rev. King, and even Robert F. Williams is bitterly attacked for his "utterly irresponsible attacks upon . . . Negro leaders and their allies. . . ."[5]

In denouncing the Muslim proposal for a Black nation in the South, James Jackson carefully refrained from pointing out that this was the Communist Party line several decades ago. Still holding to this program, however, is perhaps the "furthest out" and most radical of all the revolutionary organizations in and around the Negro Left: Hammer and Steel. A Maoist splinter group of men formerly in the Communist Party, Hammer and Steel considers the Negro movement to be a "national liberation movement," which "must be prepared to answer violence with greater violence directed at Wall Street and their agents." Non-violence might have worked against relatively civilized Britain, says Hammer and Steel, but could not work against "brutal and genocidal" American imperialism. To have true civil rights, the "Negro nation" must have its "freedom" and self-determination in the South, and "special rights" must be granted the Negro minority in the North and West. "A Free Negro nation will determine whether its best interest lie [sic] in separation or as an autonomous part of the U. S." As for the best means of attaining this goal, Hammer and Steel envisages a "national liberation front" in the South similar to the fronts in Viet Nam

[5] James E. Jackson, "A Fighting People Forging New Unity," *The Worker*, July 7, 1963.

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and Algeria. Hammer and Steel ends its discussion with a series of slogans for our time: "Disarm the White Oppressors in the South!", "Arms for the Negro People!", and "Self-Determination, State Power for the Negro Nation!"[6]

TO PASS BRIEFLY from the analytical to the evaluative, what should be the libertarian position on the Negro movement? Perhaps the most important point to make here is that the issue is a complex one; the Negro Revolution has some elements that a libertarian must favor, others that he must oppose. Thus, the libertarian opposes compulsory segregation and police brutality, but also opposes compulsory integration and such absurdities as ethnic quota systems in jobs. The ethnic quota is no less objectionable than Hitler's *numerus clausus;* if 25% of bricklayers must be Negro, must not the proportion of Jewish doctors be forcibly reduced to 3%? Must every occupation in the land have its precise quota of Armenians, Greeks, Montenegrans, etc. *ad infinitum?*

For his over-all estimate of the Negro movement, the libertarian must weigh and formulate his conclusions according to what he believes to be the most important priorities. In doing so, incidentally, he should not overlook a generally neglected point: some Negroes are beginning to see that the heavy incidence of unemployment among Negro workers is partially caused by union restrictionism keeping Negroes (as well as numerous whites) out of many fields of employment. If the Negro Revolution shall have as one of its consequences the destruction of the restrictive union movement in this country, this, at least, will be a welcome boon.

[6] *Hammer and Steel Newsletter,* June, 1963.

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Foreign Aid in Latin America

ROBERT SCHUETTINGER

THE PROBLEM OF how best to bring about economic, educational and political progress in the underdeveloped nations is certainly one of the major challenges of our time. For this reason, it is particularly discouraging that the great body of our college graduates (who mould the public opinion of this country) have been content to follow the lead of publications such as the *New York Times* and adopt a simplistic and essentially thoughtless attitude toward what will perhaps be remembered as the Gordian Knot of the Twentieth Century.

If you ask the average modern Liberal intellectual what sort of economic system he considers best suited to the "emerging"[1] nations, nine times out of ten you will receive almost exactly the same cliche in reply: "For the advanced nations, I am all in favor of free enterprise (under adequate safeguards, of course) but I think that some form of socialism is necessary for the developing countries —at least until they develop sufficient thrust to pass the 'take-off stage'."[2] The results of such little polls would not be especially noteworthy were it not for the fact that most of the available economic data point in precisely the opposite direction.[3]

It is a rather alarming commentary on the state of public discussion in America (and on our intellectual community in general) that almost all of the talking and writing done on the subject of foreign aid each year is uninformed and emotional. This, of course, is an indictment not of one party only, but of both sides of the case. The Liberals as a rule dismiss all critics of foreign aid as reactionary, anti-humanitarian and isolationist; the Conservatives, on the other hand, too often attack foreign aid as a general principle without pausing to ask what are the actual effects upon the

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[1] It would be tiresome to list all of the various euphemisms tossed up in order to avoid using the Anglo-Saxon word "backward." I have come across twelve such circumlocutions in my reading, and I invite the reader to try to top my score.

[2] The most widely-discussed exposition of this view is W. W. Rostow, *The Stages of Economic Growth* (Cambridge: Cambridge University Press, 1960). In *Man, Economy and State* (Princeton, N. J.: Van Nostrand, 1962), Murray N. Rothbard remarks, "Perhaps some of the popularity of this work may be due to the term 'take-off,' which is certainly in tune with our . . . space-minded age."

[3] F. A. Hayek, in *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960), notes (p. 367) that, "However strong a case there may exist in such countries for the government's taking the initiative in providing examples and spending freely on spreading knowledge and education, it seems to me that the case against over-all planning and direction of all economic activity is even stronger there than in more advanced countries. I say this on both economic and cultural grounds. Only free growth is likely to enable such countries to develop a viable civilization on their own capable of making a distinct contribution to the needs of mankind."

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United States and the receiving country of a particular program. In the light of this background then, I would like to discuss the operation of the Peace Corps and some other aspects of our foreign economic aid program in Latin America.

This past winter, I spent a month of my vacation touring three Latin American countries, stopping on the way to visit friends who are currently serving in the Peace Corps.[4] My impression of this much-publicized organization, based on the Volunteers I have met in the United States as well as in Latin America, is that it does not attract into its ranks the very highest level of college graduates; with a few exceptions it attracts the solid, competent, intelligent, second-level type. There are good and obvious reasons why this should be so. Most really first-rate students simply can not spare two years for this kind of work; they are committed to long stretches of graduate study interrupted, in most cases, by the Armed Services. There are, however, notable exceptions. Some of the Volunteers I met will certainly be leaders in their fields; but, as in most government agencies, these are few and far between. Tocqueville's comment that the most able Americans, as a rule, avoid public service is as true in 1963 as it was in 1830.

Most of the Volunteers I met had no strong political convictions; the great majority fitted in unobtrusively with the American consensus. The beatnik types are clearly a small minority in the Corps. The hardships of the two-month training period, I was told, weeded out the few of them who did apply. At one Peace Corps "boot camp" I visited, the training was indeed rigorous in the physical and busy-work sense; anyone who completed it had more than his share of conscientiousness and endurance. These are the two qualities the Corps is most interested in and it is for this reason that only a few Volunteers have returned to this country prematurely. On the other hand, the training program can not be said to be *intellectually* demanding and it is primarily for this reason that Harvard University has declined to have anything more to do with it. What *is* demanded is staying-power, including the capacity to sit through twelve hours a day of classes which, in many cases, are boring and trivial.

The Peace Corps now consists of over 5,000 persons and it is still growing rapidly. It is not at all surprising, therefore, that such an organization should have faults. but it is surprising that it has managed to do so effective a job with so little money under such adverse conditions and in so short a time. That it has been able to do so is largely due to the quality of the Volunteers themselves, almost all of whom do more than their jobs require. Despite a generally favorable press, however, and the support of most politicians, strong criticism of the Corps is still to be heard, most of it centering around two main points.

Some conservatives have taken pains to point out that the Peace Corps Volunteers are inadequately trained in methods of combatting Communism. Since it is highly unlikely, however, that a recent college graduate could be trained to be an effective anti-Communist agent in less than a year, it would seem that the return would not be worth the investment. Under existing circumstances all that can be reasonably expected of the Volunteers is that they be able to explain with some clarity,[5] whenever it seems appropriate, why they prefer democracy[6] to totalitarianism.

A complaint frequently heard from classical Liberals is that the Peace Corps, for all its good intentions, teaches young people to rely unduly upon government as a panacea. This would be a damning

[4] This article, then, is inspired by some personal observations, but I would not want to say that it is based on them. It seems to me that man-hour for man-hour invested, more important and reliable information is to be derived from printed sources (assuming they are well-chosen, of course) than is to be derived from so-called "first-hand experience."

[5] If this seems like too modest a goal, it might be helpful to recall that a man who was to serve twice as President of the United States (Dwight Eisenhower) confessed that he could not explain to Marshal Zhukov why democracy was better than Communism. It is really not as easy as it may sound at first.

[6] Or republicanism, if any reader has a marked preference for that word.

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charge if it were true, but I don't believe that it is. It certainly cannot be denied that all Peace Corps Volunteers are employees of the United States government; the important point, however, is that in almost all countries they have been assigned jobs which have traditionally been under government direction. Unlike other parts of the foreign aid program, the Peace Corps has caused almost no displacement of private enterprise. For instance, well over half of all Peace Corpsmen are teachers, who are, in underdeveloped countries as in the United States, largely government employees.

Nor can it fairly be said that the Peace Corps has ignored private organizations working in the same fields. Since its policy is to stimulate and advise and not to preempt it has usually sought (and usually received) the co-operation of local businesses, newspapers, labor unions, church groups and independent relief agencies as well as individuals interested in contributing something to a particular project.

In some parts of Latin America, Peace Corpsmen work alongside members of a private "peace corps" called *Accion*. This "rival firm" was launched by a California student who had read William James' essay, "A Moral Equivalent for War." In 1958, he decided to put into action the psychologist's exhortation to the youth of the advanced nations to abandon militarism and to channel their restless energies instead into a great effort to spread civilization to the remotest parts of the earth. Two years after this idea was first revived in California, the then Senator Kennedy began talking about a "Point Four Youth Program." A year before the campaign of 1960, however, a group of students aided by several businessmen had already put the first "peace corps" into operation.

THE PRIOR EXISTENCE of *Accion*, of course, was enough to raise the question of what justification there could be for a government Peace Corps if the same work could be done well by private enterprise. I would answer that the Peace Corps is probably the single most effective part of our entire economic aid network, and, since it is one of the few cases where our foreign aid funds are being spent in the right way, it serves as a valuable example. This assumes, of course, that the principle of foreign aid can itself be defended insofar as: (1) it actually improves the economic well-being of the people in the receiving country, and (2) it furthers the foreign policy aims and thereby the security of the United States. A good deal of our present foreign aid does not even fulfill the second criterion and almost none of it fulfills the first. The Peace Corps, to its credit, fulfills both.

Our foreign policy objectives have clearly been furthered by the Peace Corps primarily because every Peace Corps Volunteer is a visible demonstration of the friendship of the American people for the people of the host country. Since most people are more interested in other people than they are in machines, the propaganda value of a $75-a-month (plus expenses) Peace Corpsman is a far better investment for the United States than the equivalent value in, say, fertilizer. Also, as one Volunteer told me, a Peace Corpsman is probably the only variety of foreign aid which cannot be stolen by a politician somewhere along the line. He can, of course, be wasted, and a certain number of Volunteers are sitting around right now waiting for their assignments to emerge from some Kafka-esque local bureaucracy. But these are the exceptions and not the rule.

Economically, the Peace Corps has concentrated on spreading knowledge and education. Most economists would agree that this is the best way for governments to lay the groundwork for advance and thereby encourage economic progress.[7]

An additional benefit of the Peace Corps and one not foreseen by the planners in Washington is the effect upon thousands of Volunteers of seeing exactly how governments go about their announced goals of raising living standards

[7] See footnote 3 for F. A. Hayek's comment on the proper role of governments in furthering education as the foundation for economic growth.

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Most Peace Corpsmen left the United States with a prejudice in favor of foreign aid and government economic planning; as a result of their experiences many are certain to revise their opinions. Indeed, the most idealistic and naive observer[8] can not help but notice that corruption, inefficiency and wastefulness are the hallmarks of almost all Latin American governments; in these nations a political career is regarded simply as a means to self-enrichment (as it is still looked upon today in some parts of the United States).

EVEN IF WE set corruption and political instability aside, however, at least three major impediments to economic progress in Latin America remain: (1) the threat of nationalization of industry, (2) economic nationalism, and (3), perhaps most fundamental of all, the resistance to change which is firmly rooted in the Latin American way of life. None of these obstacles to a rising standard of living is likely to be reduced by our foreign aid program as it is presently designed. The plain truth is that Latin America (and the underdeveloped countries generally) can not expect to make real economic progress without first effecting drastic internal reforms. And these changes can only be brought about by the governments themselves; any hint of United States interference will bring outraged cries of "Yankee imperialism." By the rules of the game we are forbidden to insist that money be allocated first for such basics as education, sanitation, vocational training, roads and water and sewage systems.[9] Nor may we insist upon the necessary controls to minimize graft and guarantee competent management.

The single most important reason why capital, which is needed so badly to create new industries and jobs, has been fleeing Latin America at such an increasing rate is the threat of nationalization. In a Senate speech recently, Jacob Javits pointed out that, "Additional North American investments are losing the battle against the flow of Latin Americtn local capital, whose flight is calculated between nine and fifteen billion dollars, a great part of which is deposited in Swiss banks. I ask you to imagine the tonic effect that would result," he went on, "if only these depositors, who have in Swiss banks the 'fugitive' capital of Latin America, would invest but one half of the balance of their accounts in their own countries. The same political instability and economic doubts that caused the emigration of Latin American capital, is [sic] responsible for the decline of North American direct investments in Latin America. . . . These negative tendencies are reciprocally reinforced by a vicious circle which causes greater doubts and instability — and finally violent nationalistic acts and unjust expropriations. It is evident that a great responsibility lies upon the Latin American nations for the improvement of their climate for investments."

The extent of this hostility to private enterprise may be gauged by the fact that the Chamber of Commerce of America, meeting recently in Florida, passed a resolution specifically requesting President Kennedy and the Latin American governments concerned to allow the participation of private industry in the United States foreign aid program.[10]

Economists have estimated that the investments planned over a ten year period by the United States government could be brought about in only a few months if only Latin American governments would abandon their hostile attitude toward private capital, domestic and foreign. It is not too hard to imagine what a great difference this speed-up

[8] As a matter of fact, Chester Bowles has recently returned from one of his journeys and has presented a report urging that foreign aid be decreased or denied to those countries which fail to meet minimum standards of co-operation and self-help.

[9] These, of course, are the areas where the Peace Corps *has* been concentrating its efforts. Would that the rest of our foreign aid program would profit by this example.

[10] This despite the fact that many Liberal writers on economics, including the last Ambassador to India, John Kenneth Galbraith, have recently said that what the underdeveloped countries need is more private enterprise, not less. See Galbraith's new book, *Economic Development in Persepective* (Oxford: Oxford University Press, 1962).

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could make to millions of people now living in utter poverty; but as things stand today, these people will just have to wait.

The truth is that Latin America's dictators[11] do not care how long their people wait so long as *they* get full credit for any new jobs created or new industries founded. This, of course, is a major source of the economic nationalism which is one of the biggest millstones around Latin America's neck. The ruling groups, supported by Washington, are interested primarily in creating "show-case industries"—which require large capital investments and small numbers of employees. Such industries include automobiles, petrochemicals, machine tools and other mass production items which use highly automated processes. There are several reasons why spending money on such projects actually hurts rather than helps the welfare of the people in the countries concerned. First, "show-case industries," while satisfying the pride of the planners, divert needed capital from economically sound to economically unsound uses. Unemployment is aggravated, not helped, by this concentration on highly automated industries. By insisting on manufacturing their own automobiles at a high cost, when they could buy them at a much lower cost from the United States, the planners are making certain that their citizens will have less to spend for other products. As consumers have less money to spend, fewer imports can be bought and fewer new jobs created both at home and abroad. Our own economy is hurt by these policies just as it would be helped if our foreign aid programs could achieve their announced objectives. All this nonsense-on-stilts is simply mercantilism, the inward-looking and backward-glancing system that Adam Smith exploded in 1776.[12]

The planners thus refuse to acknowledge the importance of the free flow of private capital, and the ordinary citizen is denied the advantages of geographic specialization and the international division of labor. Rather than come down to earth and help their citizens concentrate on what they can do well, the dictators prefer to weave grandiose schemes which they are being encouraged to charge off to the United States taxpayer. Everyone would laugh if the United Fruit Company poured vast sums of money into growing bananas near its Boston headquarters; otherwise intelligent people, however, greet such follies as a new Diesel-engine plant in Nicaragua as "an important step forward."[13]

BUT ALL OF Latin America's economic ills cannot be blamed on Washington and her own governments; the people themselves must shoulder a good part of the responsibility. Like many North Americans, most Latin Americans distrust change. As long as they have barely enough to eat and some kind of a roof over their heads they are content

[11] Most objective political scientists would estimate that, at the very most, three or four Latin American nations are *not* governed by dictators.

[12] Milton Friedman, in his "Foreign Aid: Means and Objectives," (*Yale Review*, Summer, 1958, p. 505) cites a classic example of this sort of "planning": "The Pharaohs raised enormous sums of capital to build the Pyramids; this was capital formation on a grand scale; it certainly did not promote economic development in the fundamental sense of contributing to a self-sustaining growth in the standard of life of the Egyptian masses. Modern Egypt has under government auspices built a steel mill; this involves capital formation; but it is a drain on the economic resources of Egypt . . . since the cost of making steel in Egypt is very much greater than the cost of buying it elsewhere; it is simply a modern equivalent of the Pyramids, except that maintenance expenses are higher."

[13] As F. A. Hayek (*op. cit.*, p. 366) points out: "Much of this endeavor . . . seems to be based on a rather naive fallacy of the *post hoc ergo propter hoc* variety: because historically the growth of wealth has regularly been accompanied by rapid industrialization, it is assumed that industrialization will bring about a more rapid growth of wealth. This involves a clear confusion of an intermediary effect with a cause. It is true that, as productivity per head increases as a result of more capital in tools, and even more as a result of investment in knowledge and skill, more and more of the additional output will be wanted in the form of industrial products. It is also true that a substantial increase in the production of food in those countries will require an increased supply of tools. But neither of these considerations alters the fact that if large-scale industrialization is to be the most rapid way of increasing average income, there must be an agricultural surplus available so that an industrial population can be fed."

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to let come what may. The people for whose benefit our optimistic foreign aid plans were supposedly launched are just not much interested in progress. If anyone doubts this, he has only to look at what has happened in those countries where free land in the interior has been offered to anyone who would go out and settle it. Wherever such offers have been made there has been almost no response; the supposedly land-hungry *campesinos* have been too lazy and too conservative to move their families 200 miles in order to get a farm of their own. Of course, these same people will accept a piece of the neighboring *hacienda* if it is handed to them on a silver platter by a benevolent (and vote-conscious) government. I know of at least two instances where formerly landless peasants took over a large farm and duly harvested the crops planted by the previous owners. The next year, however, there was no crop at all; the new owners claimed that they "didn't know what to do." This is what "land reform," as it is usually practiced in Latin America, means — not opening up new land to productivity but destroying formerly productive land by incompetent management. No doubt it is unfair to expect a largely uneducated population to change its way of living in a short period of time. And yet if Latin America is even to maintain its present standard of living, in the face of a rapidly rising birth rate and a declining death rate, it is essential that change *does* come, and soon.

Our economic aid program as now constituted, however, will not promote this change. Despite all the rhetoric about "the winds of change sweeping across a continent," the planners in Washington are doing their best to assist the reactionaries' struggle against change. Far from being a "liberating force," the program is actually a support for sagging dictatorships, a buttress for a decaying feudalism, and the keystone of a revived mercantilism.

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"*Economics of the Free Society*"[1]

SAM PELTZMAN

AS ONE OF the chief architects of West Germany's post-war "economic miracle," Wilhelm Roepke has exerted a powerful influence on contemporary practical affairs. However, it is in his role as an academic economist that Professor Roepke comes to us in this book. *Economics of the Free Society* is the English translation of what has become a popular textbook on the Continent. In a very few pages, it is able to cover just about every aspect of the workings of the free market system, always with a view to demonstrating the superiority of this system over its collectivist rivals. The book is aimed at the reader with no formal training in economics — the "intelligent layman"— and many in this audience will find it a good, easily-read introduction to the problems a modern economy must solve and the means by which a system of free markets solves them. Beginner or not, however, the reader will be satisfied only in inverse proportion to the degree of logical rigor he demands.

Roepke sets forth his arguments almost exclusively by analogy and example. While this can be helpful and certainly contributes to the readability of the book, it is no substitute for lucid logical argument. At those points in the exposition where some central theoretical concept is being elucidated, a geometric presentation could usefully be inserted into the text. This would do much more for the book than simply clothe it in the trappings of elegance. The Cartesian plane remains the basic tool of the economist, and, even for the beginner, it is an invaluable device for tying together diverse concepts into a logical whole. By his almost exclusive reliance on analogy and anecdote, Roepke seriously dilutes the content of economics, sometimes to the point of permitting himself to make glib assertions he might not care to defend under a more rigorous analysis.[2] While it might be claimed that glibness and superficial analysis are tolerable in a book for beginners, it is precisely this audience which can most benefit from a good grounding in the logical re-

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[1] A review of *Economics of the Free Society* by Wilhelm Roepke (Chicago: Regnery, 1963), 273 pp.

[2] An example of this may be found on page 149 where Roepke claims: "It is quite possible . . . that a fall in agricultural prices may provoke an increase rather than a reduction in cultivation as a consequence of each farmer seeking to compensate for price declines by raising his output." A farmer can compensate for a price decline by an increase in output only if the costs of the additional output are at least covered by the receipts from the additional output at the new, lower price. However, if such a situation in fact obtains, the farmer would surely have been able to cover the costs of the added output by the receipts from its sale at the original, higher price. He would thus have expanded his output previous to any fall in price. Unless Roepke is willing to claim that farmers are less interested than others in making money, the quoted assertion is sheer nonsense.

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quirements of economic analysis. To the extent that a knowledge of the methods of economic analysis equips one to refute the numerous collectivist fallacies, Roepke is doing a disservice to the cause he champions.

The cause he is championing, it must be noted, is *not* the *laissez-faire* capitalism of the last century (a period Roepke identifies as the era of "paleo-liberalism"). Roepke recognizes the inherent social efficiency of a competitive market system, and for the attainment of such a system Roepke is willing to use the power of the state to destroy or regulate private monopoly. Though he is unspecific as to methods, Roepke also advocates use of state power in some form to gain a more equitable distribution of income (p. 197 ff.). Yet, in this respect, Roepke differs hardly at all from certain other supporters of the free market system, e.g., Henry Simons. It is when he charges that the logic of capitalist development, entailing as it does a rapid extension of the specialization of economic functions, has contributed to the "inhumane," depersonalized condition of modern industrial society, that Roepke differs from most of his intellectual bedfellows. This is a charge, of course, often made by the collectivist critics of capitalism, particularly those of the fascist stripe; it is one seldom made by a defender of capitalism like Roepke. At the same time, however, Roepke takes great pains to point out the futility of hoping for, much less seriously advocating, a return to some pre-Raphaelite utopia. The rapid extension of specialization has been the motive force behind a great increase in the productivity of modern industry, but this very development has made possible an equally great increase in population, which population is consequently dependent for its very existence on the productivity of the specialized industrial system. Thus, every contemporary social system, collectivist or otherwise, is constrained to preserve the present degree of specialization, for "to turn back the clock would be tantamount to ordering the destruction of millions of lives." While one may agree or disagree with Roepke's pessimistic view of the social effects of specialization (and I do think he tends to greatly underemphasize some of the contributions to a "good society"—the unprecedented extension of general education to all strata of society has been made possible only because the specialized economy has been productive enough to release the necessary human and material resources), his analysis should serve as a strong antidote to policy recommendations based on "the fond reveries of economic romanticists and autarkists."

HELPFUL AS ROEPKE'S analysis of particular economic and social problems may be, one can hardly fail to be disappointed by the inattention to rigorous analysis which pervades his book. Nowhere is this more evident than in his section on "The Impact of Keynesianism" (p. 221 ff.). Roepke totally eschews a frontal attack on the logic or the empirical relevance of Keynes' analysis. In fact, he concedes that "the services which Keynes rendered to the advancement of theory . . . . are considerable," and further "we will readily concede that the use of Keynesianism as a logical apparatus . . . in the struggle against inflation is (and was) thoroughly legitimate . . . ." If the reader wonders why Roepke is ready to concede so much to the Keynesian analytic system, he need only turn back a few pages to Roepke's presentation of his own theory of business cycles. It bears a close family reresemblance to the Keynesian theory. Roepke: "Expansion and contraction of investments, which go hand in hand with expansion and contraction of the supply of credit, constitute the real core of the cyclical movement" (p. 212). Keynes: "The Trade Cycle is best regarded, I think, as being occasioned by a cyclical change in the marginal efficiency of capital [the demand curve for investment] . . . ."[3] Given such close agreement between Roepke and Keynes on the analytical level, there would seem

[3] Keynes, John Maynard, *The General Theory of Employment, Interest and Money* (New York: Harcourt, Brace, 1936), p. 313.

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to be little room for Roepke to take issue with Keynes as an economist. What Roepke proceeds to do, then, is to attack Keynes on several irrelevant fronts: in contrast to the "deistic moralist," Adam Smith, who left us, "in addition to his magnum opus on the *Wealth of Nations* (1776) a book on the *Theory of Moral Sentiments* (1759)," Keynes was a (presumably amoral) "exponent of positivistic scientism," who can claim only "a monograph on the theory of probability" in addition to his ecomonic works. With absolutely no analysis of the substantive content of Keynes' works, Roepke permits himself to label them "the end product of a process of disintegration in which the crisis of an exclusively rationalistic society finds its ultimate expression." Not only is Keynes' *economics* to be discredited because he failed to write books on morality, but he must be saddled with the immorality of his followers as well:

> . . . the real tragedy of the Keynesian legacy is that what Keynes regarded as intellectual "working capital," i.e., ideas easily shifted from the service of one ideal to that of another, became for his less flexible disciples intellectual "fixed capital," the profits of which were protected by every means available, including that of monopolistic exclusion. *Keynes cannot be spared the reproach of having failed to take this fateful result of his writings and teachings into account.* (p. 225, italics supplied.)

We are thus asked to blame the doctor for the death of his patient when the latter takes a prescription for moderate exercise as license for an attempt at the four-minute mile. Such procedure, I would submit, is simply inadmissable in any rational evaluation of economic theories. If Roepke were concerned to give us a critical biography of Keynes, he should have made his intention clear. To pass off a few derogatory remarks on Keynes and the Keynesians as a sufficient critique of the substance of Keynes' economics is, however, a form of intellectual laxity which contributes little either to biography or economics. The fact is that Adam Smith's economics *qua* economics stands solely on its ability to give us a useful, i.e., empirically relevant, framework within which to analyze economic problems, not on the fact that Smith happened to be a deist or that his followers were prudent men. It is on this same basis that Keynes' economics should and will ultimately be judged. Personal and social values may well find themselves confirmed in economic writing, and conversely we may reject recommendations which conflict with our values though they are founded on good economic reasoning. It is important, however, especially in a book about economics, to make a distinction between economics and ethics. Roepke, especially in his discussion of Keynes, has failed to do this, and it detracts greatly from his book.

AT A TIME when various collectivist programs gain ever greater acceptance among the most influential groups in our society, there can be no doubt of the need for a good introductory economics textbook which explicitly emphasizes the method by which the free market solves economic problems. *Economics of the Free Society* is an attempt to fill this need, but it does so only partially. There are areas in which its analysis can be quite effective, but these are too lightly interspersed in a book which avoids logical analysis at almost every point. Since most collectivist programs suffer precisely from a deficiency in their underlying logic, it is to be regretted that Roepke chose not to exploit this weakness.

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NEW BOOKS AND ARTICLES

THE FOLLOWING IS A SELECT LIST OF BOOKS AND ARTICLES WHICH, IN THE OPINION OF THE EDITORS, MAY BE OF INTEREST TO OUR READERS.

Yale Brozen, *Automation: The Impact of Technological Change* (Washington, D.C.: American Enterprise Institute, 1963), $1.00. A professional economist analyzes the arguments on automation, pro and con, and cites some remarkable statistics in its behalf. A noteworthy study.

James Dugan, *American Viking* (New York: Harper, 1963). The saga of the shipping magnate Hans Isbrandtsen, the rugged individualist who successfully challenged the international shipping cartel and took on the meddling bureaucrats of many nations with less success.

F. A. Hayek, ed., *Capitalism and the Historians* (Chicago: University of Chicago Press, 1963), $1.50, paper. A reprint of six essays, examining the "supreme myth which more than any other has served to discredit the economic system to which we owe our present-day civilization . . . the legend of the deterioration of the position of the working class in consequence of the rise of 'capitalism' . . ." Contributors to this valuable symposium are T. S. Ashton, Louis Hacker, W. H. Hutt, Bertrand de Jouvenal and the editor.

Helmut Schoeck and James W. Wiggins, eds., *The New Argument in Economics: The Public vs. the Private Sector* (Princeton, N. J.: Van Nostrand, 1963), $5.95. The latest in the stimulating and high-level symposia on various philosophical and political subjects edited by the two Emory University sociologists. This volume contains papers by George Stigler, W. Allen Wallis, Ernest van den Haag, and others, dissecting the "public squalor argument."

Neil McInnes, "Half a Century of Rent Control," *Barron's*, July 8, 1963. A review of French rent control policies, which have "turned France into a nation of slum-dwellers."

Benjamin A. Rogge, "Is Economic Freedom Possible?" *The Freeman*, April, 1963 (free copy on request from Foundation for Economic Education, Irvington-on-Hudson, New York). An examination of the charge that private monopoly will inevitably make free enterprise impossible.

Richard M. Weaver, "Two Types of American Individualism," *Modern Age*, Spring, 1963. In his last published article, Prof. Weaver contrasts the aristocratic individualism of John Randolph with the "high but irresponsible thinking of Thoreau," and argues for reinstitution of the former in our society, which has too curtly dismissed both. The same issue of *Modern Age* contains an article by A. A. Shenfield, "Economic Planning in Great Britain: Pretense and Reality." Here the author, a noted English economist, reviews the elusive goals and chaotic results of Labor Party policies, and lauds the re-emergence of liberal principles up until 1955 under the Conservative Party. Regrettably, he observes, it has since relapsed into a fascination with centralized planning, which often seems to have "the power of magic over men's minds—and the inability of magic to master men's problems."

The fourth volume of *The Journal of Law and Economics* (dated Autumn, 1961) has been issued, and includes articles by George Stigler, Milton Friedman, and others. Of all American scholarly journals, this annual publication is undoubtedly the one most solidly in the classical liberal tradition. A complete set (four numbers) may be obtained for $10 (students, $4) by writing: Prof. Aaron Director, The Journal of Law and Economics, University of Chicago Law School, Chicago 37, Illinois.

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